



October 8, 2019

Representative Scott Oelslager
Chairman
House Finance Committee
Ohio House of Representatives
77 S. High St.
Columbus, OH 43215

Representative Jack Cera
Ranking Member
House Finance Committee
Ohio House of Representatives
77 S. High St.
Columbus, OH 43215

Re: NFL Letter with Concerns Regarding HB 194 - Sports Betting

Dear Chairman Oelslager, Ranking Member Cera, and Members of the Committee:

On behalf of the National Football League (“NFL”) and its member clubs, including the Cincinnati Bengals and the Cleveland Browns, we appreciate the opportunity to share with the Ohio House Finance Committee our thoughts and concerns on HB 194. We look forward to being of assistance to the Committee and to the Legislature as it considers the future of sports betting in Ohio.

As you know, on May 14, 2018, the Supreme Court of the United States struck down the Professional and Amateur Sports Protection Act of 1992 (PASPA). While we respect the Court's ruling, the absence of a clear and enforceable legal standard for sports betting threatens the integrity of our nation's professional and amateur sporting contests. There is no greater priority for the NFL than protecting the integrity of our games and the welfare of our players. Fans, players, coaches and personnel deserve to know that we are doing everything possible to ensure no improper influences affect how our games are played and that we are taking all appropriate steps to ensure that their participation in our games is not subjected to unfair and unwarranted allegations relating to sports gambling.

To protect the integrity of our sporting contests and the participants in those events in a post-PASPA environment, there are four core standards for sports betting that we would ask this Committee and the Ohio Legislature to consider:

1. A legal, regulated sports betting environment with substantial consumer protections;
2. Protection of our content and intellectual property, including from those who attempt to steal or misuse it;
3. Fan access to official, reliable league data; and

4. Adequate resources, monitoring and enforcement tools necessary for law enforcement to protect our fans by eliminating the illegal sports betting marketplace and penalizing bad actors here at home and abroad.

State legislators and regulators have an important role to play in ensuring that our nation's professional and amateur sports are free from corruption and that public confidence in our games, and the athletes, coaches and administrators involved in them, remains intact. In this post-PASPA environment, one of the most important aspects of protecting the integrity of our games and creating integrity in the new marketplace is the existence of a strong state regulatory body. Because of the significant potential impact of widespread, legalized sports betting on the integrity of our games, we strongly support enacting the following enforceable policy changes to regulate sports betting in Ohio:

PROTECTING THE INTEGRITY OF SPORTING CONTESTS

- **Prohibit Insider and Other High-Risk Sports Betting.** One of the areas of significant risk to the integrity of our games is the use of insider information for betting purposes. We would accordingly encourage Ohio to pass legislation prohibiting operators from accepting sports wagers from an athlete, coach, referee, or employee of an amateur or professional sports organization (including unions associated with such organizations), or any family members thereof acting on their behalf, on such organization's sport. As part of this effort, we believe it is imperative that Ohio sports book operators enact robust customer verification procedures, requiring multiple levels of identification. We would further encourage prohibiting wagers from individuals convicted of a state or federal crime relating to sports wagering and limiting the acceptance of wagers to natural persons (as opposed to corporations or other entities, which could more easily obscure the identities of those involved).
- **Enforce Age Limits on Sports Betting.** When PASPA was originally enacted, one of the main concerns expressed was the impact of sports betting on our nation's youth. We strongly support a prohibition on sports wagering for persons under 21 years of age and the establishment of standards that require sports wagering certificate holders to ensure that no person under 21 years of age participates in sports wagering.
- **Preclude Risky Betting Fixtures.** A prominent trend in sports betting, both legal and illegal, are wagers on individual events or actions that occur during games. Examples might range from the number of passing yards by a quarterback in a football game or the number of points or rebounds by a team during a quarter of a basketball game, to the number of "throw-ins" in a soccer match. Some of these types of bets are significantly more susceptible to match-fixing efforts, such as wagers based on performances of a single athlete or the actions of match officials and referees, and are therefore a source of concern to sports leagues, individual teams, and the athletes who compete

To address concerns regarding risky betting fixtures, we encourage the regulatory body to allow professional and amateur sports organizations to identify which types of bets

simply pose too significant a risk to the integrity of sports and to work with regulators to eliminate them. Specifically, professional and amateur sports organizations should be able to restrict, limit, or exclude some types of wagers that are not determined solely by the final score or outcome of the event, if the sports organization reasonably determines that such restriction would significantly decrease the risk to contest integrity.

- **Protect Consumers by Requiring the Use of Official Data.** Betting outcomes are increasingly determined on granular details like yardage gained, or the number of sacks by a defense, or strikes by a pitcher in baseball. Therefore, an essential component of consumer protection is a requirement that the information used to settle these wagers is correct and timely, something that can only come from official data provided by the sports leagues themselves. Sports leagues already produce this data for broadcast and statistical purposes. We believe our data should be the standard in a legal, regulated market.

Use of official league data also protects consumers from fake matches or “ghost games” created by criminals or unscrupulous operators. In this scenario, a sports betting fixture is listed through one of the numerous companies that provide unofficial data to the bookmaking industry. But it is either a fake match (one that takes place but is played between two different teams than the ones listed) or a ghost game (one that does not take place at all). There are multiple recent examples of such incidents in lower level soccer leagues around the world. Such scenarios could be eliminated by requiring sports betting operators to use authentic data provided by sports leagues.

CREATING INTEGRITY IN THE MARKETPLACE

- **Require Operator Licensure and Auditing.** As a condition of operation, we urge Ohio sports betting law to require: a) a sports wagering certificate holder to maintain all books, records and documents pertaining to sports wagering in a manner and location within the state as approved by the regulatory body; b) all books, records, and documents related to sports wagering be (1) segregated by separate accounts within the sports wagering certificate holder's books, records and documents; (2) immediately available for inspection upon request; and (3) maintained for at least 5 years; c) sports wagering operators cooperate with any investigation carried out by an amateur or professional sports organization; and d) that operators record any abnormal betting activity and routinely report that activity to the regulator.
- **Facilitate Ease of Information-sharing Between Sports Leagues, Operators and Law Enforcement.** To promote integrity in the new sports betting marketplace, we encourage Ohio to consider regulations creating a duty for regulators and operators to provide amateur and professional sports organizations with real-time information relating to: a criminal or disciplinary proceeding commenced against the sports wagering operator; abnormal sports wagering activity; any pattern of abnormal sports wagering activity

relating to the integrity of one or more sporting events; a potential breach of the internal rules or code of conduct relating to sports wagering of or sports regulatory organizations;

relating to the integrity of one or more sporting events; a potential breach of the internal rules or code of conduct relating to sports wagering of or sports regulatory organizations; suspicious or illegal sports wagering activity; and any other conduct that corrupts the betting outcome of one or more sporting events for purposes of financial gain, including match fixing.

- **Provide Responsible Gaming Resources and Education.** We encourage Ohio to implement regulations to provide resources to support compulsive and problem gambling treatment and education.
- **Eliminate the Illegal Sports Betting Market.** It is unclear whether the mere existence of a legal market will, on its own, minimize the illegal sports betting market because participants in the illegal market have become comfortable participating in such markets, may receive better odds from illegal bookmakers, and may be able to avoid paying taxes altogether. We believe the elimination of illegal gambling requires robust, active monitoring and enforcement backed by significant civil and criminal penalties for violations. Consistent collaboration and information-sharing among sports leagues, the regulatory body, and law enforcement agencies will be vital to help eliminate corruption, prevent money laundering, and address other forms of criminal enterprise. We urge state legislators to contemplate criminal penalties for illegally offering or accepting sports wagers. We urge Ohio to consider additional enforcement provisions targeted toward every participant in the illegal sports betting market.

Finally, we encourage statutory operator licensing fees and tax rate on gaming revenue to remain low enough so that legal market participants are able to effectively compete with those in the illegal market. As Ohio continues to work on these issues, we respectfully ask that you reconsider laws and regulations that could have the unintended consequence of advancing illegal sports betting.

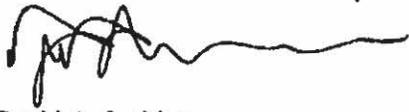
Thank you again for providing an opportunity for us to submit our comments. We would be happy to meet in the future to discuss our views on sports betting in greater detail. Please contact Jonathan Nabavi (Jonathan.Nabavi@nfl.com or 202-971-9000) or Marvin Yates (Marvin.Yates@nfl.com or 703-684-1110) with any questions.

Sincerely,



Bob Bedinghaus
Director of Business Development
Cincinnati Bengals

NFL, Cleveland Browns, and Cincinnati Bengals Letter to Ohio House Finance Committee
October 8, 2019



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