

Testimony of Ayesha K. Molino
MGM Resorts International
Finance Committee, Ohio House of Representatives
H.B. 194, Legalize Sports Gaming
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Chairman and Members of the Committee:

My name is Ayesha Molino and I am Senior Vice President of Federal Government Affairs for MGM Resorts International.

MGM is one of the oldest and largest sports book operators in the country. We took our first sports wager at MGM Grand in 1979 and now we process more than \$1 billion of sports wagers each year. We operate 10 physical sports books at each of our properties in Las Vegas, as well as at our properties in New Jersey and Mississippi. And we operate mobile sports books in Nevada and New Jersey.

In addition to the aforementioned states, we operate properties in Michigan, Maryland, Massachusetts, New York, and most recently – and very proudly – here in Ohio. We made a \$1 billion investment in Ohio when we acquired the Hard Rock Rocksino last year and are thrilled to have that property and its 950 employees as part of the MGM family.

Thank you to Representative Greenspan and Members of this Committee for pushing forward on this important topic and for giving me the opportunity to testify before you today.

As this Committee knows, until recently Federal law prohibited legalized sports wagering outside of Nevada and a handful of other states. Yet illegal sports wagering has continued to flourish across all mediums – in person, over the Internet, and most recently through sophisticated mobile applications. Some estimates put the illegal U.S. sports wagering market at upward of \$100 billion annually.¹

This illegal market has capitalized on enormous consumer demand while offering no protections to consumers, athletes, or sporting events and providing no revenue to state taxpayers.

Ohio now has a chance to fix this and today's hearing is an important first step in that direction.

MGM is committed to providing a cutting-edge sports wagering product that protects integrity and gives consumers a compelling reason to move from the black market to a safe, regulated environment.

The following principles are key to our success.

First, integrity is the bedrock of our business.

As a highly regulated gaming company, we must prove that we are suitable for the privilege of holding a gaming license. Our gaming license in any jurisdiction is dependent not only on the integrity with which we operate in that market, but in all markets. As a company with over 20 properties in the United

¹ <https://www.americangaming.org/sites/default/files/AGA-Oxford%20-%20Sports%20Betting%20Economic%20Impact%20Report1.pdf>

States alone, we have billions of dollars of investment that depend on our ability to conduct our business consistent with the strongest regulatory standards to which we are subject. To put it simply, we are engaged in a race to the top.

This race to the top is evident in every aspect of our business, including sports wagering, and we incorporate the following principles into our products:

First, we know our customer. We have a sports wagering joint venture with GVC – one of Europe’s largest sports wagering operators – that allows us to create all of our technology in-house and in a manner that reflects the regulatory requirements of each jurisdiction in which we operate. As a result, our mobile sports wagering product incorporates sophisticated multi-factor identity verification. Our internal protocols use a customer’s name, social security number, and date of birth to confirm identity across different databases and confirm that the customer is as purported and of legal age.

Second, we ensure that the bet or wager remains within state lines. We use an industry standard geolocation technology that can verify that the customer is within state lines. Moreover, we locate our servers within the state in which we operate to ensure that the bet or wager originates and is processed in-state.

Third, we constantly directly and indirectly monitor our betting transactions for aberrant betting patterns. GVC has over 400 traders that are watching betting flows and setting lines. When they see something off, they say something and raise internal flags to assess whether an aberrant betting pattern can be explained by an externality or whether it indicates a problem. We also use third party data companies, such as Sport Radar, that incorporate integrity monitoring into their business model. When we become aware of an integrity issue, we share that information with our regulators and where appropriate, with the relevant leagues.

Fourth, we invest in responsible gaming. MGM has been an industry leader in responsible gaming in the brick-and-mortar environment and we are carrying that expertise into the mobile environment. We, along with GVC, are working on protocols that encourage responsible gaming on the front-end and use a series of markers to identify when a player may be exhibiting signs of problem gambling. We offer messaging and interaction with players, self-exclusion lists, and wager limits as examples of ways that players may limit their engagement.

Second, mobile is essential.

Ohio residents currently have convenient access to illegal, unregulated mobile sports wagering sites. But they lack a legal, properly regulated alternative. And restricting a legal mobile market will not compel people into brick-and-mortar facilities or prevent them from wagering on sports; it will merely keep people on the existing black market.

The numbers speak for themselves. A recent estimate by the respected gaming analytics firm Eilers & Krejcik finds that total sports wagering revenue in Ohio will nearly double if the state decides to adopt mobile.

We are aware that some have raised concerns about whether the Federal Wire Act restricts Ohio’s ability to legalize mobile. After extensive analysis, we do not believe this to be the case. Gaming within the four corners of a state is intrastate commerce, pure and simple. The Wire Act does not govern

intrastate commerce; it specifically applies to only those bets or wagers made in interstate or foreign commerce. Moreover, since the Justice Department issued a revised interpretation of the Wire Act earlier this year, several states – including Iowa, Indiana, Tennessee, and Rhode Island – have legalized mobile sports wagering, with several others considering it. There has been no effort to stop this legalization.

Third, regulatory decisions should be left up to the discretion of the regulators.

Gaming regulators have deep expertise governing bets and wagers, including by deciding what types of bets or wagers a gaming operator may offer. This is true in poker or blackjack, and should be true for sports wagering, as well.

In some jurisdictions, there has been discussion of legislatively limiting the types of bets that may be offered. We do not believe that such limitations work for the following reasons:

First, customers already have access to all bet types on a robust black market, with little repercussions. To be competitive against this market, regulated gaming operators must be able to provide customers with the product that they want. There is no question that collegiate athletics is extremely popular and in-play wagering is increasingly so. If legal, regulated operators cannot provide these products, consumers will go where they can get them. And, as a result, such wagers will not have the benefit of regulatory oversight, integrity monitoring, or information sharing that can help detect potential integrity risks.

Second, each bet or wager is a distinct product with distinct odds and distinct integrity risks. As regulated operators that are responsible for paying out on bets, we have no interest in booking bets that can easily be manipulated or that raise questions about the integrity of our gaming operations. But we recognize that no batter can guarantee a home run in the 7th inning; no basketball player can guarantee a game-winning three-pointer; and no quarterback can guarantee a 60-yard pass completion. As such, overbroad legislation that would restrict categories of wagers is not grounded in a meaningful analysis of integrity risk. We support models recently passed, including in Indiana, that would permit regulators to assess and restrict certain wagers if they determine that doing so is essential to preserving the integrity of the bet or wager.

Again, thank you very much for offering me the opportunity to testify and I look forward to your questions.