



**Testimony of Stacie Stern on behalf of
FanDuel, Inc
Before the Ohio Senate Select Committee on Gaming**

February 24, 2021

Good Afternoon Chairman Schuring and members of the committee. My name is Stacie Stern, Government Affairs Director for FanDuel, Inc. and I appear today to urge the committee to support a robust and competitive mobile marketplace for sports betting in Ohio.

FanDuel has been a leading operator of daily fantasy sports for over a decade, and currently offers paid entry fantasy sports contest in 43 states. We are currently licensed and regulated in Ohio by the Casino Control Commission for our fantasy sports product. We are proud of our licensed status in Ohio and value our good working relationship with the Casino Control Commission. Following the Supreme Court's decision to strike down the Professional and Amateur Sports Protection Act (PASPA) in May of 2018, FanDuel has now become the leading sports wagering operator, and the largest online real-money gaming operator, in the United States. FanDuel currently operates fifteen brick and mortar sportsbooks in nine states and online sports wagering in ten states. In 2018, FanDuel merged with Betfair US, which has been offering online casino wagering in New Jersey since 2013. In Ohio, we will be proud to offer the FanDuel Sportsbook in partnership with Belterra Park.

Since the Supreme Court returned the right to legalize and regulate sports betting to the states in 2018, twenty-two states plus the District of Columbia and Puerto Rico have authorized some form of sports betting. Additionally, voters in three states – Louisiana, Maryland, and South Dakota – overwhelmingly approved sports betting at the ballot this past November. Like Ohio with this committee, most of the remaining states are debating sports betting this year. We expect many more will choose to protect their constituents from the illegal offshore market by legalizing sports betting in their states. FanDuel has been at the leading edge of these new sports betting markets.

As we stand here today in Ohio, we are surrounded by states with legalized sports betting, with one exception to the south. To provide you the visual I have included a regional map of the states around Ohio in my written testimony and as you can see, we truly are surrounded. The green states have legalized either retail or mobile sports betting, or both in most cases. On Ohio's

border to the east Pennsylvania and West Virginia both passed laws to regulate sports betting before the Supreme Court's ruling in 2018 and have been up and running for two years now. Pennsylvania is a top three state in the country in terms of total amount bet, trailing only New Jersey and Nevada. To the west Indiana moved quickly after the Supreme Court's ruling and is emerging as one of the fastest growing sports betting markets in the country. And that state to the North just went live with their sports betting market last December. Early numbers after just two months suggest it is going to be a powerhouse in terms of betting handle. Finally, the one exception is Kentucky to the South, who has not passed legalized sports betting yet, but like Ohio has debated it the last several years and we expect it to eventually pass in the Bluegrass state.



While states across the country, including those that surround Ohio, have taken different approaches in their respective sports betting frameworks, one thing is clear: a mobile marketplace with multiple qualified and experienced operators is critical to the success of the industry. In leading, regulated markets nearly 90% of all sports betting activity takes place on mobile devices. That's why a robust mobile marketplace for sports betting is so important. Just like we can use our smartphones now to order food, buy a car, apply for a loan, or trade stocks, consumers want to place bets using their phones. And they want a marketplace that allows them to choose from multiple leading sports betting apps. In regulated markets consumers use their phone to place bets while they watch sports at bars and restaurants, in stadiums, and in their home. As I mentioned, although our primary business is mobile sportsbooks, FanDuel operates brick and mortar sportsbooks in several states in conjunction with our casino partners. We find that even in a brick and mortar sportsbook many customers still use our mobile app to place bets instead of standing in line.

Although sports betting is illegal in Ohio today, make no mistake, billions of dollars are bet on sports by Ohioans every year. A good portion of that money is going into those neighboring states where sports betting is legal. All it takes is to drive little more than a few hundred feet across the Ohio border to place a bet on a mobile device. And those neighboring states are capturing tax dollars from Ohioans every time they leave the state to make those bets. Of course, most of the money being bet by Ohioans today is on illegal offshore websites that are not subject to any regulation or oversight. You don't need to leave your house in Ohio to make a sports bet today. In fact, most Ohioans may not even realize that what they are doing is illegal. You only need to do a simple web search for "sports betting in Ohio" and the top hits will be illegal offshore sites ready to take bets from Ohioans without any indication that it is illegal. Those sites provide no consumer protections, no recourse if a consumer feels cheated, and no guarantees that an Ohio consumer will even see any of their money if they win. And illegal offshore sites do not care about your age, so they are a haven for underage betting.

That's why passing legal and regulated sports betting in Ohio is so critical. It is not a question of should there be sports betting in Ohio – it is already here. It is a question of if Ohio will give its citizens the freedom to place those bets in a legal and regulated market where they can feel safe and secure.

Unlike in the illegal offshore market, FanDuel take integrity, responsible gaming, and the issue of underage gambling very seriously. Our companies constantly monitor betting transactions for suspicious activities, which we in turn flag to our regulators and, where appropriate, the relevant sports leagues. We also invest in responsible gaming programs and provide our customers with the option to self-exclude and other ways to limit their engagement with our platforms. Finally, we employ robust identity verification measures, including “know your customer” technology to ensure underage and other prohibited individuals are not able to create an account, deposit, or wager. When verifying a customer's identification, our companies conduct a detailed demographic and personal information check using the customer's name, physical address, date of birth, Social Security number, and geolocation. The verification process requires working with multiple vendors and the customer is only able to create an account upon successful verification. As is evidenced by the robust legal betting markets in the states surrounding Ohio and across the county, given the choice between the risky illegal offshore market or a safe and regulated legal market, consumers will choose the legal market. But they can only do that where they have a choice, and in Ohio today they do not have that choice.

Before I close, I would like to highlight a couple of quick points that we feel are important in sports betting legislation:

First, we were pleased to participate in the discussion of sports betting during the last session and we generally supported the principles contained in SB 111 from last year. We do feel it is important to give the regulator the ability to be nimble in approving the types of sporting events, including esports, that can be bet on. Within the consumer protection guardrails set by the legislature the regulator is best situated to evaluate the changing landscape of sports and what is safe or not. It would undermine the public policy goal of eliminating the illegal market if the regulator is not able to evaluate types of betting that arise in the future, because the illegal market will be there to offer sports and bets if the consumer can't find them in the regulated market.

Second, college sports. We have no doubt that betting on college sports is a significant percentage of the betting that is already happening in Ohio. If Ohio's sports betting legislation artificially limits college betting in comparison to other sports betting, that doesn't stop those college bets from happening. It just means they will remain in the illegal market where the state has zero visibility into who is betting or how much. We estimate that limitations on college betting can cut the percentage of bets that migrate from the illegal to the legal market by between 30%-50%. It effects more than just bets on college sports. The Ohio consumer who wants to bet on college sports, and is forced to make those bets in the illegal market, will also likely keep making other bets on professional sports in the illegal market simply because of convenience. By moving college betting out of the illegal market and into the regulated market we can shine a light on college sports betting, provide oversight by the regulator, and stop illegal college sports betting where there are no controls or protections.

In conclusion, legalizing sports betting in Ohio will provide significant protections to Ohioans who choose to bet on sports. FanDuel looks forward to continuing to work with the Committee on legislation that creates a framework to protect consumers through a robust mobile sports betting marketplace that gives consumers both choice and protection. Thank you for the opportunity to provide input.