



March 10, 2021

Testimony of Kevin Cochran on behalf of DraftKings Inc. before the Ohio Senate Select Committee on Gaming

Good afternoon Chairman Schuring, Vice-Chair Manning and members of the Committee. My name is Kevin Cochran and I am a Senior Manager, Government Affairs and Senior Corporate Counsel at DraftKings Inc. (“DraftKings”). I am here today supporting the creation of a robust, competitive and mobile marketplace for sports betting in Ohio.

DraftKings is a digital sports entertainment and gaming company created to fuel the competitive spirit of sports fans with products that range across daily fantasy, regulated gaming and digital media. Headquartered in Boston and launched in 2012, DraftKings is the only U.S.-based vertically integrated sports betting operator. DraftKings is a multi-channel provider of sports betting and gaming technologies, powering sports and gaming entertainment for 50+ operators in 17 countries. DraftKings’ Sportsbook is live with mobile and/or retail betting operations in 14 states. DraftKings’ daily fantasy sports product is available in 7 countries internationally with 15 distinct sports categories.

Having listened to the previous testimony delivered to this committee, I will not belabor points made by other witnesses about how states are acting to implement sports betting in the United States, including Ohio’s neighbors. As 2021 continues on, we have already seen 20 states consider legislation authorizing sports betting, to accompany the 22 states plus the District of Columbia and Puerto Rico that have authorized some form of sports betting.

As this committee and other legislators in Ohio work to create a sports betting framework, we want to reinforce four points that we find paramount for any sports wagering framework. The legislative vehicles for sports betting introduced last session contained many of these points I will address. Additionally, we would like to thank last year’s bill sponsors of House Bill 194 and Senate Bill 111, including your former colleagues Senators Eklund and O’Brien, for their efforts that created a strong sports betting foundation and helped advance and influence the conversation before this committee.

1. Authorize a Competitive, Mobile Sports Betting Market

Looking at other states across the country, it is clear that a competitive, mobile framework is critical to a state’s sports betting success. When looking at revenue from calendar year 2020, leading markets with fully mobile offerings saw over 90% of all sports betting activity take place on mobile devices. This is not surprising based on the world we live in today, where people given the choice will choose the most convenient options, especially if backed by industry tested and proven safeguards. The Covid-19 pandemic has disrupted what is normal for so many people and led much of our lives to move remotely, from work, to banking to grocery shopping.



Further, as competitive, mobile markets mature, they convert players from the unregulated to the regulated market. GeoComply, an industry leader in geolocation that works with many sports betting operators, released a report in January finding that the U.S. regulated market saw “record volumes” during the month and called the NFL Conference Championship weekend a “bad weekend for illegal bookies.”¹ Specifically, the data showed 30 million geolocation transactions during a two-day span from the 17 jurisdictions tracked during the NFL Conference Championship weekend in January. This information syncs with a study performed by the American Gaming Association in 2020 that found 74% of participants said it was important to only bet through legal providers.²

We also recommend that Ohio’s sports betting framework affords the state’s casinos and racinos the ability to offer multiple, online skins. Healthy competition amongst the best products is the strongest driver of a thriving sports betting market. Operators that strive to offer consumers more choice, variety, and better pricing across their products keep users engaged.

2. Implement a Framework to Protect Ohioans through Consumer Protections and Responsible Gaming Requirements

At DraftKings, some of our highest priorities are to ensure that our customers play safely and responsibly, and we are committed to providing our customers with the protections, tools and information necessary to engage safely and securely. We request Ohio’s sports betting framework look to other sports betting jurisdictions to replicate and build on current practices that help us meet these priorities.

In contrast to the thriving illegal market, DraftKings requires users to be of legal gambling age in the relevant jurisdiction in order to open a sportsbook account and our advanced and adaptive identity verification solutions are designed to meet and exceed industry standards when it comes to securely identifying our patrons. Our practices have been independently tested, licensed and approved by regulatory bodies.

Additionally, we are committed to industry-leading responsible gaming practices and seek to provide our customers with the resources and services they need to play responsibly. With our focus on fair and responsible gaming along with user protection and data security, our users have come to know and trust our gaming platform. We provide safeguards that allow customers to set their own deposit and play limits and to self-exclude from participation should they choose. By monitoring wagers placed by players, regulated operators can identify and flag potentially problematic betting behavior quickly and accurately.

¹ “Bad Weekend for Illegal Bookies as Legal Online Betting Reaches All Time Highs,” PRNewswire.com. Accessed March 5, 2021. <https://www.prnewswire.com/news-releases/bad-weekend-for-illegal-bookies-as-legal-online-betting-reaches-all-time-highs-in-us-301213711.html>

² “New Study Finds Sports Bettors Abandoning Bookies for Legal Market,” American Gaming Association. Accessed March 5, 2021 <https://www.americangaming.org/new/new-study-finds-sports-bettors-abandoning-bookies-for-legal-market/>



3. Allow Operators to Offer a Flexible, Expansive Sports Betting Menu

Successful sports betting markets allow for expansive betting menus to appeal to all types of bettors, and grant permission for operators to accept bets on new sports, leagues, or types of wagers once properly vetted by the regulator. This includes providing the regulator discretion to approve wagering on traditional events like professional and collegiate sporting events, and less common events like the NBA Slam Dunk Contest and the NFL Draft. By limiting an operator's ability to offer betting on events available to consumers in the illegal market, consumers could become frustrated and potentially even leave the regulated market for an illegal option. For these reasons, we request Ohio's sports betting framework grant the regulator broad authority to approve bets in a timely manner.

4. Adopt a Practical Licensing Process that Allows for Operational and Market Efficiencies

We strongly advocate for a practical licensing framework that allows Ohio to increase speed to market, if determined a priority, and provide its operators flexibility in their operations. Legislation, and subsequent regulation, can be drafted in a way that affords the regulator tools to shorten the time a state's sports betting framework becomes operational following passage of legislation. These tools have been adopted in other jurisdictions and include:

- **Temporary or provisional licensing:** applicants for sports betting licenses can receive temporary or provisional licensing, sometimes relying on their status and standing in other sports betting jurisdictions, to become operational while giving the regulator time to fully evaluate applications. States that utilized temporary or provisional licensing include Illinois, Michigan and New Jersey.
- **Emergency or phased rulemaking:** allow the regulator flexibility by authorizing emergency rules for an expedited regulatory process, or allow the regulator the ability to pursue the rulemaking process in phases, for example focusing on licensing requirements during an initial phase and operational requirements in a secondary phase. States that utilized emergency rulemaking include Indiana and New Jersey, and states that utilized phased rulemaking include Illinois and Virginia.

We are happy to provide additional information upon request detailing how other states where DraftKings operates address any of these issues, or other requirements related to licensing.

Conclusion

In conclusion, we support this committee's efforts to legalize sports betting in Ohio that will protect consumers and generate revenue for the state. DraftKings will continue to be a resource to answer any questions this committee or other legislators may have on sports betting. Thank you for the opportunity to address this committee today, and with that I would like to make myself available for questions.