

**Testimony of Doug Healy on behalf of the  
Cincinnati Reds  
Before the Ohio Senate Select Committee on Gaming**

**May 19, 2021**

Good Afternoon Chairman Schuring and members of the committee. My name is Doug Healy, Chief Financial Officer for the Cincinnati Reds. I am testifying today as an interested party on SB 176, and along with colleagues from the Haslam Sports Group and the Memorial Tournament, want to thank you for the opportunity to provide the Committee with the Reds view of the current legislation.

We appreciate this Committee's efforts that have been put forth to create a robust sports gaming structure. It is our sincerest intent that we remain committed to assist this legislative effort as we want Ohio to be viewed as the best example for sports gaming. However, as currently laid out, we believe there are opportunities to improve upon the current legislation, which are as follows:

- SB 176 and the sub bill definition of type "A" licenses
  - We support the concept of 20 type "A" licenses, however as the bill is currently drafted, we believe there are opportunities to define eligible license-holders more clearly.
    - As I stated in my previous testimony, we believe that equal access to this new market is imperative for the 9 professional sports entities and the 11 casinos/racinos.
    - We very much appreciate the discussions we have had to date with the Senate about the importance of fair market access, but as SB 176 is currently constructed, there is not an equal pathway.

- Frankly, the current legislation enhances the out-of-state gaming interest ability to procure market access in Ohio without rewarding the stakeholders who have invested billions of dollars and employed tens of thousands of buckeyes.
  - We have proposed language that more clearly defines who is eligible for these licenses in Ohio and provides a pathway for the professional sports entities to control access to a license through a designated sportsbook partner.
- The 20 type “A” licenses should be limited to one skin or brand each so that there are only 20 online mobile skins operating in Ohio.
  - Unlimited skins will dilute the marketplace and not create anything of meaningful value for Ohio’s stakeholders which have invested in the state and its constituents. The open market has unintended consequences like consumer confusion and frustration from oversaturation, the presence of less scrupulous or sophisticated operators who can’t make a dent in the market and can’t provide quality customer services – leaving a bad mark on the entire industry, and an overwhelmed Casino Control Commission trying to regulate and serve as watchdog over too many mobile operators.
  - 20 licenses are more than adequate to address the initial demand in the marketplace, evidenced by our friends in Arizona which passed very similar legislation.
  - Tennessee is the only state to pass sports betting legislation with no cap on skins that is up and running today. But only six sportsbooks have been licensed. And one of them is owned by a Tennessee pay-day-lender whose license was temporarily suspended after about six months of operation while allegations of money laundering and credit card fraud are sorted out.

- As I stated in March, it is not our intent to run this operation, rather we would delegate the operation under this license to a qualified mobile sportsbook operator.
- SB 176 and the sub bill definition of the type “B” licenses
  - The general structure of the Type “B” can be preserved but we would like to see certain modifications for access to this license.
    - Create some sort of priority to the casinos/racinos and the professional sports teams, that in their respective discretion would allow each entity to make a decision that benefits them and their local marketplace
    - In Cincinnati, where the Reds have the Banks Entertainment District next door, a retail presence on the riverfront could be an economic driver that helps generate foot traffic which further supports these businesses and restaurants as they continue to recover from the economic devastation of COVID 19
    - Similar to the type “A” licenses, if an individual professional sports organization decides to create a retail presence, it would delegate the operation and performance of this facility to a qualified 3<sup>rd</sup> party operator who would be the licensed gaming operator.
- Official League Data. Use of official league data must be included. For live or in-game betting – where integrity, timeliness, accuracy and consistency are paramount – Official league data is the most safe, secure data available, and it has the highest standard of integrity.
  - We also support protections that ensure the following:
    - Prohibits insider or other high risk sports bets.
    - Prohibits bets by those under the age of 21.
    - Prohibits prop bets on unbecoming circumstances.
    - Requires data sharing between leagues, the casino commission, and law enforcement.
- Speed and completion of the bill in a timely manner
  - We support your efforts to finalize this bill by July 1.

Back in March, when I first stood up here, I used the phrase that we put the sports in sports gaming. Our risk profile is substantial.... ensuring that our fans have confidence that the outcome of our events are not predetermined is paramount. Ohio's professional sports teams and organizations from the NFL, MLB, NBA, NHL, MLS and PGA TOUR recognize the potential benefits of having a legal, regulated sports betting market in the state but are adamant that we as a collective coalition be on equal footing in this effort. We are Ohio businesses, competing in our local markets with the hope and intent to bring championships back to the State of Ohio. This is an opportunity to level the playing field across state lines, and help our franchises (who were also devastated by the effects of COVID 19) to procure talent, reinvestment in our on-field product and continue to drive interest amongst our fans.

The Reds have a long history, filled with successes and failures...it is my hope that once the legislation is finalized we look back at this effort and view it as a collective success. I appreciate the time of the committee today and look forward to answering any question you may have.