



**Testimony of Morgan Sword**  
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**Connecticut Legislature, Joint Committee on Finance, Revenue and Bonding**  
**Hearing on Senate Bill 540, April 2, 2018**

My name is Morgan Sword, and I am the Senior Vice President of League Economics & Operations with Major League Baseball. I appreciate the opportunity to share Major League Baseball's views on Senate Bill 540, which contains many important regulations and consumer protections that are essential to a well-regulated sports betting market. We support the framework of SB 540, and we look forward to continued work with stakeholders to create a more comprehensive and effective bill. In that regard, we have a few areas of concern with the bill as currently drafted.

Major League Baseball has an obligation to our fans, athletes, and our sport to ensure that any law legalizing sports betting adequately protects consumers and the sport itself. To manage the significant integrity risks posed by legalized sports betting, Connecticut must enact comprehensive regulations requiring airtight coordination and partnership between the state, the casino operators and the sports leagues to closely monitor wagers and prevent potential manipulation. I am going to detail our five key areas of concern, and how they can be addressed comprehensively through policy.

First, our ability to protect Baseball from undue influence and manipulation is only as good as the quality of information we receive. One of the primary benefits of a well-regulated sports betting industry would be increased transparency into what is currently a black box – betting in the illegal market. A regulated market will provide access to billions of points of data, which could be aggregated, analyzed, and acted upon in real time to protect our games from corruptive influences. To ensure this data is available to be put to proper use, SB 540 requires operators to quickly share data with sports leagues, cooperate with league investigations, and report abnormal betting activity.

Second, certain types of bets pose greater integrity risks than others. For example, bets on the outcome of a single, controllable act – a bet on who commits the first foul in a basketball game or if the first pitch of an inning is a ball or a strike – are more susceptible to manipulation. The sports leagues are in the best position to know and to continue to monitor what types of betting impose the greatest integrity risks and we must have the ability to work with regulators to restrict, limit, or exclude such problematic betting. This is one area where SB 540 offers insufficient protection, and as such, Major League Baseball cannot support the bill as currently written. However, we hope to work with the legislature to address this issue.

Third, it is also critical that casinos rely on verified, uniform sources of data in order to offer and settle bets. Sports betting has evolved far beyond simple wagers on the final score of a contest. Today, in-game bets – on anything from the number of runs scored in an inning to

the result of a specific at-bat – are the fastest-growing form of sports wagers. The possibilities for real or perceived manipulation are innumerable and would undermine the public trust in both sports betting and the sports themselves. Imagine some casino operators marking a batted ball as a hit and others marking it as an error, followed by a cascading series of bets reliant on that original outcome. The only way to ensure uniformity, fairness, utmost speed, and accuracy of outcomes is to require – by statute – that all sports betting operators use official data and statistics provided by sports leagues like Major League Baseball. While SB 540 contains such a requirement, we must address this point with greater specificity for the benefit of both state regulators and sports leagues.

Fourth, any sports betting legislation should also recognize that, without the professional sports leagues, who make massive investments to create a compelling product, there would be no sports betting. Sports leagues will assume nearly all of the risks associated with sports betting, and the consequences from even the suggestion of scandal will hurt the sports leagues far worse than any other stakeholder. It is reasonable then to compensate the sports leagues through the mechanism provided in SB 540, which gives each sports league a 0.25% share of the amount of betting on its sport as consideration for the leagues' investment, the unquantifiable risk to reputation and integrity that accompanies sports betting, and the expenses the leagues will incur to rigorously protect and police integrity. Greater sports betting volume, along with a massive increase in the amount of data available to collect, review, and analyze, means vastly higher costs to the sports leagues to ensure the integrity of sports and to protect the leagues' hard-earned reputations.

Lastly, sports betting must be mobile. Without legal online products, the illegal market will remain strong, as consumers may simply continue to place their bets instantly, and illegally, on their phones as opposed to traveling to a casino. Legal sports betting must be a modern and attractive product, which means mobile options. On this front, SB 540 is an effective and forward-thinking bill.

Major League Baseball also supports the additional consumer protections in SB 540, which include age restrictions, reasonable advertising restrictions such as prohibitions against advertising to minors, and self-exclusion programs for problem gamblers.

Senate Bill 540 contains many regulations that meet the high standard necessary for an effective sports betting law. While some language requires further collaboration, we look forward to working with the Connecticut Legislature and state agencies to perfect a bill that will make Connecticut a leading example of responsible sports betting regulation in the country.

