



**Testimony Before the Public Safety and Security Committee
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Chairman Bradley, Chairman Verrengia, Members of the Committee, my name is Christopher Cipolla and I am the Senior Manager for Government Affairs at DraftKings Inc. (“DraftKings”). DraftKings was founded in 2012 as a daily fantasy sports company with the goal of bringing sports fans closer to the games they love. Since that time, DraftKings has evolved into a global sports entertainment company with more than ten million customers throughout the world.

In May 2018, the United States Supreme Court invalidated the Professional and Amateur Sports Protection Act of 1992 (“PASPA”), which paved the way for states to legalize sports wagering within their borders. Shortly thereafter, DraftKings entered the newly expanded sports wagering industry and in August, we made history as the first company to offer a mobile sports wagering application outside the state of Nevada, when we launched in New Jersey. As the operator of the top mobile sportsbook in the state of New Jersey, and a regulated operator in multiple jurisdictions, we appreciate the opportunity to participate in today’s hearing to discuss the importance of Connecticut embracing a competitive, fully mobile sports wagering market.

It is important to recognize that sports wagering is already taking place in Connecticut on a massive scale. This is not unique to Connecticut, as is evident by looking around the country at the nearly thirty (30) states considering a form of sports wagering legislation, in addition to the seven (7) jurisdictions that already have adopted legislation and have regulated sports wagering taking place. Nearly all the sports wagers in Connecticut and throughout the United States are placed online through offshore websites, in the robust illegal market.

An examination of New Jersey and Mississippi presents a compelling case study as to the importance of a mobile sports wagering market in the post-PASPA world.

New Jersey has established itself as the early leader among the states that have chosen to regulate sports wagering following the invalidation of PASPA. In January 2019, New Jersey generated more than \$385 million in sports wagers, with approximately 80% of the amount wagered being placed via a mobile device. The percentage of total wagers placed via a mobile device has increased month over month since mobile wagering launched in the state in August 2018. Despite retail sports wagering being available beginning in June 2018, mobile wagering already accounts for 67% of the more than \$1.6 billion wagered in New Jersey through January 2019.¹

Conversely, Mississippi chose to limit the availability of sports wagering to on casino premises only. Following an August 2018 launch, Mississippi generated roughly \$157 million in total

¹ All data available at <https://www.nj.gov/oag/ge/financialandstatisticalinfo.html>



sports wagers in 2018.² This amount is far less than the market potential with statewide mobile wagering. Allen Godfrey, Executive Director of the Mississippi Gaming Commission, acknowledged the importance of mobile sports wagering while testifying during a Louisiana Senate Judiciary hearing in October 2018 stating, “If you want to do something to suppress illegal sports betting - mobile betting is the way to go.”³

As Executive Director Godfrey acknowledged, legal operators are not just competing with other legitimate entities in the United States, they also must remain competitive to pricing from illegal, offshore sportsbooks that do not face the same taxation and regulatory costs. Barriers to market entry, such as high taxes and fees, cut into an operator’s profit and reduce their ability to offer competitive pricing, a significant factor for consumers when making the decision on where to spend their money.

In any framework the state considers for mobile sports wagering, it is crucial to allow for multiple operators to serve the market. A marketplace with multiple choices for consumers will lead to a much better consumer experience that forces operators to innovate and to continue to offer new and exciting products to Connecticut and to compete with one another. Multiple operators will also increase the overall economic impact that sports wagering has in the state. More operators mean not only better products and customer engagement, it also means more advertising revenue for local TV, radio and print, and more revenue for the state.

Further, in any framework the state considers for mobile sports wagering, it is crucial to allow for the ability to register and fund an account via a mobile device. Creating artificial barriers for consumers, such as requiring them to drive hours to register a mobile sports betting account in person, is anachronistic in a time when people file their taxes via mobile applications on their phones.

Contrary to the thriving offshore market, DraftKings takes seriously the issues of underage wagering and problem gambling. At DraftKings, we use “know your customer” technology to ensure underage individuals are not able to create an account, deposit, or wager through our website or application. When verifying a customer’s identification, a check is conducted using the following demographic information: first name, last name, physical address, date of birth, social security number, and geolocation of the customer. The verification process is facilitated using multiple vendors and, only upon successful verification, is the customer able to create an account.

Additionally, for the small segment of the population that struggles with gambling, we provide safeguards that allow customers to set their own deposit and play limits and to self-exclude from participation should they choose. By tracking wagers placed through the application or online, mobile operators such as DraftKings can identify and flag potentially problematic betting behavior more quickly and accurately than in-person sports wagering.

²All data available at http://www.msgamingcommission.com/index.php/reports/monthly_archive/2018

³ <https://www.legalsportsreport.com/25267/louisiana-sports-betting-hearing/>



If Connecticut wants to maximize revenue, best protect consumers, and eliminate the thriving illegal offshore sports betting industry, it can best be achieved through the creation of a competitive, fully mobile sports wagering market.

