



**THE GAME INSIDE THE GAME.**

Testimony Before the Maine Legislature – Veterans and Legal Affairs Committee  
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Chairman Luchini, Chairman Schneck, Members of the Committee:

My name is Chris Cipolla and I am the Senior Manager of 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 a 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—and the stakeholder discussions leading up to it—to discuss the importance of Maine embracing a competitive, fully mobile sports wagering market.

DraftKings supports a sports wagering framework in Maine that protects consumers, generates maximum revenue for operators and the state, and stamps out the pervasive illegal market. That means a robust mobile sports betting market without an artificial limit on mobile competition and no unnecessary hurdles for consumers to bet in the regulated market.

It is important to recognize that sports wagering is already taking place in Maine on a massive scale, with an estimated 276,000 people betting over \$623 million in illegal wagers each year.<sup>1</sup> Nearly all the sports wagers in Maine are placed online through offshore websites in the robust

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<sup>1</sup> See <https://www.americangaming.org/wp-content/uploads/2018/12/AGA-Oxford-Sports-Betting-Economic-Impact-Report1-1.pdf> (noting that approximately 28% of U.S. adults currently bet on sports).

illegal market. Across the country, states are trying to bring this activity into a legal, regulated market.

Only those states which include a mobile component in their legislation are likely to capture the full sports wagering revenue that would otherwise go to the 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 due to the state embracing the mobile sports wagering market. In the first three months of this year, over 80% of money wagered in New Jersey has been on mobile devices, which is a trend we expect will continue. 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.

Conversely, Mississippi chose to limit the availability of sports wagering to on casino premises only. Following an August 2018 launch, Mississippi generated 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."<sup>2</sup>

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 Maine and to compete with one another. Multiple operators will also increase the overall economic impact that sports wagering has in 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.

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<sup>2</sup> <https://www.legalsportsreport.com/25267/louisiana-sports-betting-hearing>

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. A user also always has their entire transaction history available to them in their account information. The account history provides detailed information regarding all bets placed, all winnings and losses, and summary of their play over the last month, three months, year, and lifetime.

If Maine 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.

Thank you for the opportunity to testify today. I am happy to answer any questions.