

No UK-Style 'Paternalist' Regulation In U.S. So Far, Executives Say

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U.S. regulation of online betting is intently focused on individuals and strict technical specifications, but has a much lighter touch with know your customer (KYC) and advertising rules than Europe, leading executives have said.

U.S. regulators are unlikely to adopt measures such as stakes limits, advertising clampdowns or affordability checks that have been mandated in various European markets, said panelists at the CMS Gambling Conference hosted this week by the London-based law firm.

"You don't see the rather heavy-handed, paternalistic approach you see in the UK," said Jeremy Kleiman of Saiber, a New Jersey-based law firm.

Unlike European regulators, U.S. regulators do not bar ads based on the time of day and Kleiman supposed that American officials were about as likely to introduce affordability checks for gambling as they were for purchases on Amazon.

But technical specifications are so rigorous that new product introduction can be slow, he said.

Meanwhile, state probity checks for licensing are often excruciating.

"They want to know everything from my high school teacher to who I dated in second grade," said Jeffrey Haas, chief international officer for DraftKings.

Some regulators are so obsessed with making sure their licensees' websites cannot be accessed outside the state, in violation of federal law, "they will walk back and forth across a bridge to make sure," he said.

Earlier, the roomful of gambling executives, regulators and attorneys had heard UK Gambling Commission CEO Neil McArthur warn operators they **needed to focus** on figuring out how to cut UK problem gambling rates or "get a new job."

Prevention of problem gambling behavior is not yet as significant a political issue for U.S. online operators, whose market is far less mature.

But complying with the regulations from one state to the next can be at least as complicated as meeting gambling rules in the 28 countries of the European Union, one executive said.

For example, if a New Jersey online gambling operator takes wagers from a California resident in New Jersey, they need to comply with California data protection rules, said Charles Cohen, vice president of sports betting with IGT.

"It's very, very complicated for operators and suppliers," said Cohen, who was formerly CEO of UK-focused mobile gambling company Probability.

"Just when you think you understand what the regulators want, something comes along and throws a filter on it."

U.S. regulation is sometimes messy, or even naïve, especially when a state's online gambling rules lean heavily on land-based casino regulations, Kleiman said.

Some state regulators have granted a flock of temporary online licenses with skeleton, bare-bones regulations, hoping later they can figure out "how do we regulate this thing."

"In the end, they're all out there doing their own thing," Kleiman said.

Still, the sophistication of the U.S. market has grown rapidly.

A year ago, casino executives were still spouting myths, according to one executive.

"How many times people would tell me online gambling was going to cannibalize casino [revenue]," said David Briggs, chief executive of GeoComply. "There was no acceptance of data from outside the United States."

The idea that a royalty or integrity fee for sports leagues based on turnover would have little impact on sports-betting profit models is also now pretty much dead, he said.

But usability of websites and "plumbing," or the process of getting players in and out of websites smoothly, both need a lot of improvement, Briggs said.

Before the U.S. Supreme Court ruling to allow states to regulate sports betting, the American gambling scene was "a bit

dated, and lagged the rest of the world by a big margin," he said. Now, "the entire industry is being rejuvenated." That rejuvenation may be illustrated by the growth of online gambling revenue in New Jersey, the state which one executive called the "gold standard" for U.S. regulation.

Last year, New Jersey **generated** \$727m in combined revenues from online casino, sports betting and poker, making it the sixth-largest regulated online gambling market in the world, just behind Spain, according to VIXIO GamblingCompliance estimates.

"At what point does the U.S. become the biggest sports [betting] market in the world?" said Adam Greenblatt, chief executive of Roar Digital, the joint venture of MGM Resorts and GVC Holdings. "We don't have to look out too far."

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