Nevada’s Experience with Legal Sports Wagering

NAAG Meeting
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Outline

- Overview—Sports Betting in Nevada
  - Structure
  - Licensing/Enforcement
  - Evolving Regulations
- Challenges Ahead
Industry Overview

- Almost 200 sports betting locations in Nevada
- Closing in on $5 billion a year in sports wagering handle
- Constantly evolving: mobile wagering, account wagering, wagering on virtual events, entity wagering, wagering on Olympics and non-athletic events...
Governor

Gaming Policy Committee (Advisory to NGC & GCB)

Nevada Gaming Commission (five part-time Members)

Attorney General (Legal Counsel to NGC & GCB)

State Gaming Control Board (three full-time Members)

Executive Secretary (Handles Administrative Matters for NGC & GCB)

Administration
Audit
Enforcement
Investigations
Tax & License
Technology
NV Gaming Control Board
Enforcement Division

- Staffing Level: Approx. 120 (90 Peace Officers/30 Admin)

- Enforcement Division’s primary responsibilities:
  Regulation, Law Enforcement and Dispute Arbitration

- Enforcement’s Sports Betting related duties:
  - Investigate regulatory/criminal matters
  - Arbitrate disputes
  - Review/approve sportsbook rules
  - Review “other event” betting requests
  - Various other administrative approvals (parlays, house rules, surveillance, etc.)
  - Intelligence gathering, analyzing and sharing
  - Conduct background investigations of gaming employees
Some Significant Sports Betting Related Developments

- Turf Clubs (1951)
- Sports Books (1975)
- Computerized Bookmaking System (1985)
- Intrastate Account Wagering (2005)
- Communications Device Prohibition repealed (2008)
- Kiosk and Mobile Wagering (2013)
- Sports Betting Funds (2015)
Relatively Recent Changes

- Expansion of approved sports wagering
  - Reg 22.120 “other events”
    - Heisman, Super Bowl MVP, WSOP, Horse of the Year, Cy Young, etc.
  - Olympic Wagering
    - Prohibited in 2001 (as a non-collegiate amateur sporting event) and expressly permitted in 2015.
  - Virtual Event Wagering
  - ESPorts
  - DFS Themed Parlay and Pari-mutuel Wagering
  - Gaming Policy Committee
On the Horizon

- Investigating crimes involving interstate and international electronic financial transactions (including those involving virtual currency: bitcoin, skins, etc.)

- Trying to accommodate progressive industry proposals/desires, while thoroughly evaluating the risks and/or ensuring the required controls are in place

- Adjusting to change as necessary:
  - Sports integrity. Professional sports teams based in Nevada
  - Legal sports wagering in other states?
For detailed information on Nevada’s experience with sports wagering, contact:

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Law Enforcement

- NRS 463.160 (licenses required-sports pool)
- NRS 465.086 (illegal bookmaking/facilitating/agents)
- NRS 465.092/093 (messenger betting related)
Sports Betting Related Criminal Activity

- GCB Agents are members of Federal Task forces

- Illegal Bookmaking Investigations (agency, assist/joint and TF)
  - Some activity Nevada based, but all usually connected with elements out-of-state or out-of-country
  - **International mob-connected ring linked to illegal World Cup betting at Caesars (July, 2014)**

- Illegal Online Wagering

- DFS Notice (2015) – cease and desist

- Agents of offshore books

- Know Your Customer (KYC) and Anti-money Laundering (AML) laws are critical for sports wagering integrity
GCB agents attend INTERPOL and other match-fixing training.

GCB investigates and assists other law enforcement agencies with sports integrity related investigations.

GCB has an MOU and meets with the IOC/Access to Integrity Betting Intelligence System (IBIS).

Nevada licensed bookmakers file suspicious wagering reports, are an early warning system for betting and/or statistical irregularities and are a source for bettor and wagering information.

GCB works with sports governing bodies/league representatives on sports integrity matters.

GCB is currently contemplating eSports wagering and is working with eSports wagering advocates to address mutual sports integrity concerns.

February 14, 1998 | DANNY ROBBINS and GENE WOJCIECHOWSKI | TIMES STAFF WRITERS

LAS VEGAS — Federal authorities are investigating whether Nevada Las Vegas basketball players shaved points last season as a result of their dealings with convicted sports fixer Richard Perry, the Las Vegas Review-Journal reported Thursday.

The newspaper, quoting an unnamed federal law enforcement officer close to the case, said the inquiry covers the entire 1990-91 season, including UNLV's loss to Duke in the semifinals of the NCAA tournament at Indianapolis.

The Rebels, who entered the game undefeated and 9 1/2-point favorites in some betting lines, lost to the Blue Devils, 79-77. Several UNLV players had poor games or made mistakes at crucial times. Sports Illustrated reported that Tarkanian used a string of expletives after the game to describe the play of center George Ackles and star forward Augmon.
Arizona State Players Deny Point-Shaving

March 08, 1994 | From Associated Press

Bill Frieder, Arizona State’s basketball coach, said his players denied any involvement in point-shaving after the Nevada Gaming Control Board began an investigation of $250,000 in bets by two young men on Saturday’s Sun Devil-Washington game.

Arizona State had been favored to win its three previous games but had lost all three—by 61-56 at home to USC on Feb. 19, by 87-80 at Oregon on Feb. 24 and by 80-71 at home to Washington State Thursday. The Sun Devils had opened as 10-point favorites to beat Washington, but some sports books took the game off the board because of the heavy wagering on Washington. Arizona State missed its first 14 shots but won, 73-58, in Tempe.

"Some group of guys bet a lot of money on Washington, and we covered (the point spread)," Frieder said on Monday from Tempe, to which he returned after playing blackjack at the MGM Grand in Las Vegas on Sunday. "Do you think I’d be alive today if we had agreed to throw a game and then ran away with it?"

The Nevada Gaming Control Board was studying hours of surveillance tape of the two unidentified bettors. Cameras detected a third man, about 60, who stayed in the background and watched the other two place bets. The Phoenix Gazette quoted a Nevada gaming industry source who said bookies alerted the board early Saturday because the gamblers weren’t regulars.

Jim Muldoon, assistant Pac-10 Conference commissioner, said no investigation had begun but additional information is being sought.
A former UTEP student pleaded guilty Friday to a charge stemming from an illegal bookmaking operation that took bets from three Miner men's basketball players, including an admission that he unsuccessfully attempted to recruit a player to fix a game.

Michael Karpus, 26, of Tarzana, Calif., pleaded guilty to one count of misprision of felony before U.S. Magistrate Anne Berton of El Paso. No one else has been charged in connection with the gambling operation.

University of Texas at El Paso basketball players McKenzee Moore, Jalen Ragland and Justin Creggile were kicked off the team in January 2014 after coach Tim Floyd was made aware of allegations that they had been betting on sports.

Prosecutors said in court on Friday that Karpus unsuccessfully attempted to recruit an unidentified player into a point-shaving scheme, which is an attempt to fix the outcome of a game so that gamblers with inside knowledge can win large amounts of money.

As part of the scheme, Karpus told the player that he would take $20,000 to $30,000 to Las Vegas to bet on the games that he attempted to fix.
As a partner in combatting match-fixing, Nevada regulators aim to:

- Be a good partner regardless of our role
- Establish and maintain relationships with the sports integrity stakeholders
- Work toward addressing sports integrity concerns early to prevent or minimize a scandal
- Proficiently investigate or assist in investigating incidents

Leagues educating their players, coaches and officials is paramount

From league rule violations to criminal acts—all need to be appropriately addressed

Work to address misconceptions:

- Keeping bookmaking illegal helps the integrity of sport
- Making sports wagering legal eliminates the illegal wagering
Sports Integrity Related Laws, Initiatives and Partnerships

- Sports Bribery related laws and regulations
  - NRS 207.290 (giving or accepting bribe to influence outcome of sporting event)
  - NRS 465.070(8) (influencing the outcome of a sporting event, contest, etc.)
  - NGC Regulations
- MOU with IOC/participation in their Integrity Betting Intelligence System (IBIS)
- Nevada licensees provide an early warning system and serve as a repository of data for betting and/or statistical irregularities
- GCB regularly meets/communicates with sports governing bodies and league representatives (e.g. NCAA and several major US and international professional leagues)
Bookmakers don't expect restrictions if Raiders move to Las Vegas
January 29, 2016

Las Vegas sports books allow Heisman Trophy betting for first time
October 12, 2015 RGJ

International mob-connected ring linked to illegal World Cup betting at Caesars
July 14, 2014 RJ

NV books to offer Olympic betting
FEB 26, 2015 ESPN

Entity betting could be next big wave in Nevada wagering
May 12, 2016 RJ

Fantasy sports sites now need a license in Nevada
Oct 16, 2015 By Associated Press

The New Sports Book Frontier: Bets On Virtual Sporting Events
Mar 16, 2015 KNPR

17 Indicted in Bust of $32 Million Online Gambling Ring
October 28, 2015 FRONTLINE
Regulatory Challenges Ahead

- Unlicensed Online Gaming – jurisdictional issues, nontraditional wagering instruments (bitcoin and skins) and no real deterrent from the player’s perspective

- Accommodating progressive gaming industry proposals/desires, while thoroughly evaluating the risks and/or ensuring the required controls are in place

- Support best practices in combatting match-fixing

- Adjusting to change as necessary:
  - Professional sports teams based in Nevada
  - eSports wagering
  - Spread of legal sports wagering in other states