

# 10 Steps to Successful Sports Betting Regulation

Some Things to Consider

*A well regulated*  
gaming market *shifts*  
betting *away from* the  
*illegal market* to the  
degree the legal market  
satisfies a given bettor!

# 1. Good Regulation

The background of the slide features abstract, overlapping geometric shapes in various shades of blue, ranging from light sky blue to dark navy blue. These shapes are primarily located on the right side of the slide, creating a modern, layered effect.

# What is Puerto Rico going to regulate?

- ▶ Sports Books within Casinos?
- ▶ Stand alone operators?
- ▶ Mobile Gaming?
- ▶ Wagers?
- ▶ Ticket Brokers?
- ▶ Tout services?
- ▶ Betting Exchanges?

# How will Sports Betting be structured?

- ▶ Land based - Tied to brick and mortar?
- ▶ Mobile?
- ▶ Both land based and mobile?

# Who will be the regulator?

- ▶ Ministry of Tourism?
- ▶ Lottery Commission?
- ▶ Racing Commission?
- ▶ Gaming Commission?

# Audit Structure

- ▶ Regulations
- ▶ MICS
- ▶ Reserve Requirements

# Licensing/Registration

- ▶ Industry Employees
  - ▶ Background?
  - ▶ Investigations?



# Technology

- ▶ Types of systems
- ▶ Software approvals
- ▶ Geo-location
- ▶ Interactive gaming
- ▶ Mobile sports betting

# 2. Licensing



# Who is/will be required to be licensed?

- ▶ Sports Books
- ▶ Information Service Providers?
- ▶ Managers?
- ▶ Supervisors?
- ▶ Ticket Brokers?
- ▶ Tout Services?
- ▶ Associated Equipment providers?

# 3. Wagering



# How will wagering be conducted?

- ▶ When does wagering begin?
- ▶ When does wagering end?
- ▶ Are any types of wagers prohibited?
- ▶ How are results verified?
- ▶ Will you offer rebating?

# Which types of wagers will be accepted?

- ▶ Straight Bets?
- ▶ Pari-Mutuel Wagers?
- ▶ Proposition Wagers?
- ▶ In-Play Wagering?

# Wagering Accounts

- ▶ In-person Registration?
- ▶ Remote sign-up?

# 4. Taxes and Fees

The slide features a white background with a decorative graphic on the right side. This graphic consists of several overlapping, semi-transparent blue triangles and polygons in various shades of blue, ranging from light sky blue to a deep navy blue. The shapes are arranged in a way that they appear to be layered, creating a modern, abstract design.



# Fee Structures

- ▶ Reasonable tax rates and fees are essential for legal sports betting to be competitive.
- ▶ Which fees will you allow?
  - ▶ Do the benefits outweigh the costs?
- ▶ How will additional fees impact state revenues?

# 5. Enforcement



*Coordinated action* among jurisdictions offering sports betting against illegal bookmaking, illegal gambling activities, and any unsuitable associations, along with ***strong support from federal level enforcement agencies is the best*** way to eradicate illegal activities.

# Enforcement Issues

- ▶ Criminal Statutes
- ▶ Use of traditional law enforcement officers v. regulatory agency enforcement officers
- ▶ Ability to work with other jurisdictions
  - ▶ State
  - ▶ Federal
- ▶ Role of the State Attorney General
- ▶ Role of the Gaming Regulatory Body

# How will sports betting be defined in Puerto Rico?

- ▶ Does your definition include:
  - ▶ Contests?
  - ▶ eSports?
  - ▶ “Other events”
    - ▶ Heisman/Superbowl MVP
  - ▶ Fantasy Sports?
  - ▶ Entity Wagering?

## 6. Integrity

- ▶ Book Wagering Report
  - ▶ NV since 1988
- ▶ Messenger Betting
- ▶ Sharing of real time betting information to detect, prevent and eliminate match fixing
  - ▶ With whom?
    - ▶ Within Puerto Rico?
    - ▶ With other gaming jurisdictions?
    - ▶ With federal law enforcement agencies?
    - ▶ With sports organizations?

# 7. Illegal Bookmaking



Combating the *illegal operators* is and will be *an ongoing reality* and focus regardless of any federal legislation.



# Illegal Bookmakers

- ▶ Don't worry about complying with:
  - ▶ Regulations,
  - ▶ Paying taxes, or
  - ▶ Establishing reserve accounts

# Illegal Bookmakers

- ▶ Don't have the same:
  - ▶ Regulatory infrastructure costs,
  - ▶ Can offer more betting options,
  - ▶ Are more convenient,
  - ▶ Have payment plans, and
  - ▶ Extend credit

# 8. Anti-Money Laundering

- ▶ Title 31
  - ▶ Know Your Customer (KYC)
  - ▶ Currency Transaction Reports (CTR)
    - ▶ Reporting of cash gaming activity that exceeds \$10,000 within a “24 hour gaming day”
      - ▶ This type of reporting is transaction specific
  - ▶ Suspicious Activity Reports (SAR)
    - ▶ Suspicious wagering transactions
      - ▶ Reporting of wagers that exceed \$5,000
        - ▶ This type of reporting is behavior focused
          - ▶ Cash
          - ▶ Non-cash

# 9. Wire Act Considerations

- ▶ 2019 Reinterpretation of the Wire Act
- ▶ Geo location
- ▶ Offerings
  - ▶ Intra-state?
  - ▶ Inter-state?
    - ▶ Multi-state liquidity agreement

# 10. Responsible Gaming

- ▶ Measures for responsible gambling in sports betting are important to help protect the credibility of the activity.