

Sports Betting & March Madness

Young Lawyers Section

March 16, 2021

The Madness!

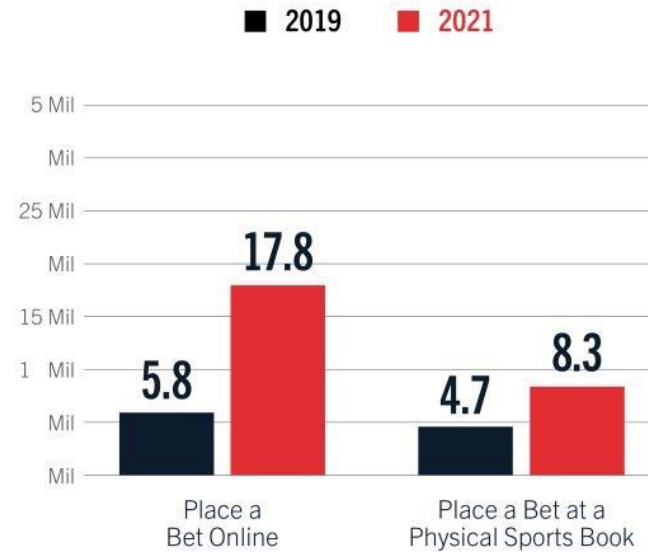
- Approximate \$13.3 corporate losses due to lack of productivity during March Madness
- 56% of millennials willing to miss a work deadline to watch a March Madness Game
- In 2019 47 million participated in NCAA bracket pools
 - 38% of participants unsure of legality
 - Pandemic effect—fewer brackets filled out (36.7 million)
- Twice as much \$\$ wagered on March Madness as Super Bowl
 - 17.8 million will place a bet online (5.8 million in 2019)

47.4M

Americans Plan to Wager
on March Madness

36.7M

Americans Will Fill
Out a Bracket



How prevalent

- 125 Million Americans gamble at least once a year
- 7.5 million problem gamblers
- 15 million “at risk”
- Gamblers will lose more more than \$51 billion
 - Problem gamblers responsible for approximately half that amount
- Sports Betting reality
 - \$58 Billion wagered on NFL games in 2017
 - \$ 2 Billion legally wagered
 - March Madness: 9.7 Billion wagered
 - 295 Million legally

Gambling overview

- Two types of gamblers
 - Action—skill games—poker, blackjack, craps, horses and sports
 - Escape—hypnotic games—slots, bingo, lottery, video poker
- Three stages of gambling
 - Winning—social/exciting escape the stresses of life, live high on the hog
 - Losing—preoccupation with gambling sets in, larger bets, loss “chasing”
 - Desperation—anything to gamble, loss of relationships, financial resources
- Pawn Stars...

Current Landscape

- Idaho

- Section 20. GAMBLING PROHIBITED. (1) Gambling is contrary to public policy and is strictly prohibited except for the following:

- a. A state lottery which is authorized by the state if conducted in conformity with enabling legislation; and
 - b. Pari-mutuel betting if conducted in conformity with enabling legislation; and
 - c. Bingo and raffle games that are operated by qualified charitable organizations in the pursuit of charitable purposes if conducted in conformity with enabling legislation.

- (2) No activities permitted by subsection (1) shall employ any form of casino gambling including, but not limited to, blackjack, craps, roulette, poker, baccarat, keno and slot machines, or employ any electronic or electromechanical imitation or simulation of any form of casino gambling.

- (3) The legislature shall provide by law penalties for violations of this section.

- (4) Notwithstanding the foregoing, the following are not gambling and are not prohibited by this section:

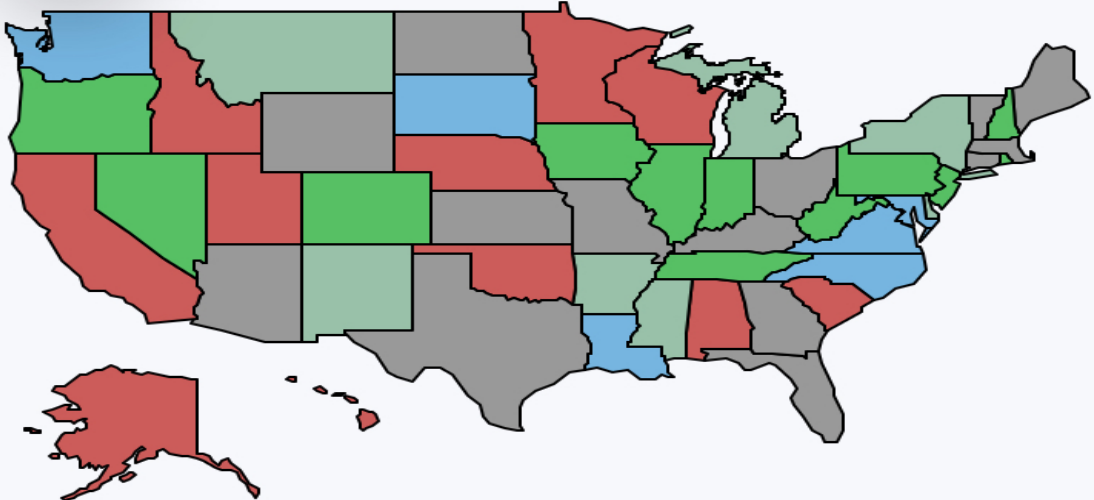
- a. Merchant promotional contests and drawings conducted incidentally to bona fide nongaming business operations, if prizes are awarded without consideration being charged to participants; and

- b. Games that award only additional play.

Sportsbetting in Idaho

- Idaho Code § 18-3809:
 - **BOOKMAKING AND POOL SELLING.** Any person who for gain, hire or profit engages in pool selling or bookmaking at any time or place within this state; or any person who keeps or occupies any room, shed, tenement, tent, booth or building, float or vessel, or any part thereof, or who occupies any place or stand of any kind, upon any public or private grounds within this state, with books, papers, paraphernalia, or mechanical device, for the purpose of engaging in pool selling or bookmaking, or recording or registering bets or wagers; or who sells pools or makes books upon the result of any trial or contest of skill, speed or power of endurance of man or beast for gain, hire or reward; or any person who, for gain, hire or reward, receives, registers, records and forwards to any other place, within or without this state, any money, consideration or thing of value for the purpose of having it there bet or wagered by or for any person, who at such place sells pools or makes books upon any such event, or any person who, being the owner, lessee or occupant of any such room, shed, tenement, tent, booth or building, float or vessel, or part thereof, or any grounds within this state, knowingly and willfully permits the same to be occupied and used for any of the purposes aforesaid, unless unable to legally prevent the same; or any person who aids, assists or abets in any manner in any of said acts which are hereby forbidden, is guilty of a misdemeanor, and upon conviction is punishable by a fine of not more than one thousand dollars (\$1,000) or by imprisonment in the county jail for a period of not more than six (6) months or by both such fine and imprisonment.

Where Is Sports Betting Legal?



- Possible 2021/2022
- Legal (Retail)
- Legal (Pending)
- Legal (Online)
- 2023+ or Never

Understanding Game Integrity

- Not every game is “fixable”
 - Variables
 - Low present/future earnings prospects
 - Competitiveness of the contest
 - Meaningless games
 - Asymmetrical Competitive Interests (Must win games v. no effect games)
 - Likelihood of being detected/getting caught
 - Lost future earnings
 - Lost reputation
 - Expected gain
 - Irrational influencers—drugs/debt/safety

Game Integrity

- Well regulated sports betting industry
 - 1994 Arizona State
 - Arizona State v. Washington
 - Avg: \$40,000 in wagers—but that day approx. \$900,000
 - Drives line from Az. St. -11 down to -3 because action was on UW
 - Sportsbooks alert authorities
 - Investigation reveals 4 games fixed by Stevin “Hedake” Smith and Isaac Burton
 - 2004-2006 Toledo Point Shaving Scandal
 - Complaint to legitimate bookmaker that “lines are horrible”
 - Analyzed the league--studied and revealed “bettors were never wrong on Toledo”
 - Reported to NCAA, NCAA—no evidence of wrongdoing
 - FBI arrests/uncovers scheme—NCAA hires the guy who reported it to monitor

Questions

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Chance favors the prepared mind.

~Louis Pasteur