

January 20, 2021

## HB 1162 Raffles—Internet Access, Potential Organized Crime and Money-Laundering, Problem Gambling for Youth

Good morning, Chairman Klemin and the members of the committee

My name is Collette Brown from Warwick, representing the Spirit Lake Tribe. My professional title in the gaming industry is, Gaming Commission Executive Director of the Gaming Regulations and Compliance Department, our casino is located seven miles south of Devils Lake. I and my Tribe have gravely expressed our concerns about the electronic pull tab devices; the new slot machine that is in every bar, restaurant and now gas stations have become an unregulated convenience game, which are attractive and accessible to problem gamblers.

The huge influx of etabs throughout North Dakota, reaching over a billion dollars in gross gaming revenues with a lion share going to out of state manufacturers; it has undermined Indian gaming, reducing our revenues substantially and undercutting our ability to provide jobs and generate essential services to your State citizens.

The problem is that oversaturation of the gambling industry undermines your neighbors, our Indian nations and tribes. That means less health care, loss of jobs, and less tourism throughout North Dakota.

Today I come to you with concerns on HB 1162.

1. HB 1162 Raffles would provide for unlimited “raffle” sales, i.e., betting on College Sports, by public spirited organizations via a central computer and telecommunications (in other words, the Internet). Put simply, this bill allows for Internet gambling: “an electronic communications network that connects computer networks and organizational computer facilities around the world.” Merriam—Webster Online Dictionary.
2. **Internet Gambling is Big Business:** Online Gambling is big business--\$69 Billion annually and likely to grow to \$92 Billion by 2023. Gambling is important to organized crime and with HB 1162, North Dakota publicly spirited organizations will be probed by organized crime. The statute does not provide any real regulatory system to do background checks, maintain machine integrity, conduct appropriate audits, or require money-laundering reports.
3. **College sports are big business.** The NCAA generated \$1.1 Billion in revenue in 2020. The Power Five college sports conference took in more than \$2.9 Billion in Revenue in 2019. The Big Ten reported more than \$780 Million. Again, with this type of money at stake, unlimited College sports betting are likely to draw organized crime infiltration into publicly spirited organizations.

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4. **Physical Sales Prevents Unlimited Expansion:** The Raffles system is currently limited by in person sales of actual paper raffles. By allowing for sales through a central computer system and the use of telephone lines (“wires”) the bill creates a new industry—Internet Sports Book. The requirement of a drawing at the event is no limit because betting is done on the Internet. Simply consider the growth of Fantasy Sports and you will see the potential growth.
5. The language allows for payment to be electronic with a credit card. That’s convenience gaming. Convenience gaming is the worst type of gambling for problem gambling. It allows for endless fraudulent and criminal activities along with money laundering possibilities, tribal casinos along with the ND Lottery are not allowed to use credit cards to gamble with.
6. Today’s children and teens in North America are the first generation of youth to grow up in a society where an assortment of types of gambling exists, and gambling venues are not only widely available but also heavily advertised and promoted. Gambling, once considered to be associated with sin and vice is now generally perceived as a harmless adult entertainment and has become mainstream in our society.
7. Problem gamblers are attracted to convenience gambling, and for video gamers nothing is more convenient than putting College raffles on the Internet. Entertaining displays will result in the transformation of the raffle game into an addictive array of simulated electronic games. The unlimited nature of Internet raffles at collegiate sports events will result in unlimited expansion of what is now a simple raffle into an entirely different type of gaming, involving college kids.

“Gambling overall has provided an invaluable resource to many Tribes throughout the country, to improve the safety, economic security and quality of life in Tribal communities; the unregulated movement threatens this progress.” (GLI Whitepaper)

There is a current bill that can offer internet gaming and sports betting within the State, but with Proven, Highly Regulated and Trusted Gaming Industry Experts, the Tribes, this will be the best way for ND to enter into this evolution of gaming, not with ambiguous language. Lastly, we cannot economically sustain anymore expansion of gaming that does not benefit the tribes. With that being said Spirit Lake Tribe is in opposition of this bill.

Thank you for your time.