

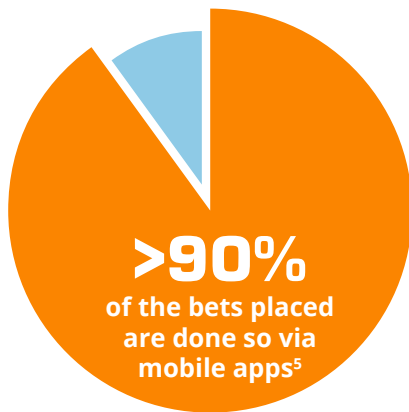
# VOTE YES ON HCR 3002

## North Dakotans Deserve to Voice their Vote

HCR 3002 would **allow voters to decide** whether or not North Dakota should legalize mobile sports betting. A “yes” vote on HCR 3002 simply places the question on the November 2024 ballot—at that point it is up to the people to decide whether or not that is the best policy for the state. Alternatively, a “no” vote on HCR 3002 tells voters that the *legislature does not even want to hear* what the people think on this issue.

And addressing mobile sports betting as a *legislatively referred* measure, as opposed to citizens initiative, provides the *legislature and legislative council control over the language*—ensuring that the language is clear and organized; and institutes the *legislature’s preferred limitations, consumer protections, and revenue dedication*.

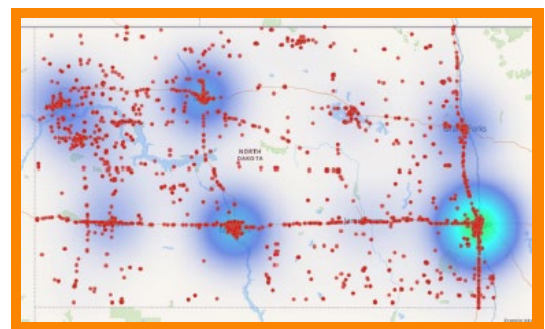
## Sports Betting is Already Here



North Dakotans can already legally bet in-person at the state’s tribal casinos. But most sports betting activity is likely still taking place in the illegal market because the typical sports bettor is *online*. In states with mature retail and mobile sports betting offerings, *over 90%* of the bets placed are done so via mobile apps. And the typical sports bettor demographic skews heavily male; almost exclusively 18 to 54 years old; and more college educated, higher income, and more full-time employed compared to the general population.<sup>1</sup> This demographic is *online*—they are not the typical casino patron.

Right now, North Dakotans can access illegal, offshore sports betting websites from any internet-connected device. The majority of these websites’ users *do not even know that the sites are illegal*.<sup>2</sup> And interest in sports betting is high. An

estimated 21% of U.S. adults were betting on sports before the practice became legal in their state.<sup>3</sup> According to Geocomply, North Dakotans attempted to place a sports bet on participating, U.S. regulated platforms over *30,000 times* in the last 4.5 months. That signifies just a sliver of the interest in the market, only capturing real pings of unsuccessful attempts to place a bet on one of the participating, regulated U.S. operators. It does not capture the far greater number of bets that are actually placed on non-participating and unregulated offshore websites, or bets accepted by bookies. And Google Trends data shows North Dakota’s *searches for popular illegal sites double the number of searches for popular regulated sportsbooks*.<sup>4</sup>



**Thousands of North Dakotans Have Attempted to Access Legal Sportsbooks<sup>6</sup>**

## **VOTE YES ON HCR 3002** and Let North Dakotans Decide for Themselves

1. Fantasy Sports Gaming Association.

2. Fantasy Sports Gaming Association.

3. EY, 2017

4. Google Trends search comparison data, January 2023.

5. See, e.g., <https://www.njoag.gov/about/divisions-and-offices/division-of-gaming-enforcement-home/financial-and-statistical-information/>

6. Geocomply

# North Dakota Sports Betting Data

NFL Season 2022-2023

Prepared 6 March 2023



# Analysis

- North Dakota sportsbook engagement since start of NFL season
- Activity on Super Bowl Sunday
- More about GeoComply

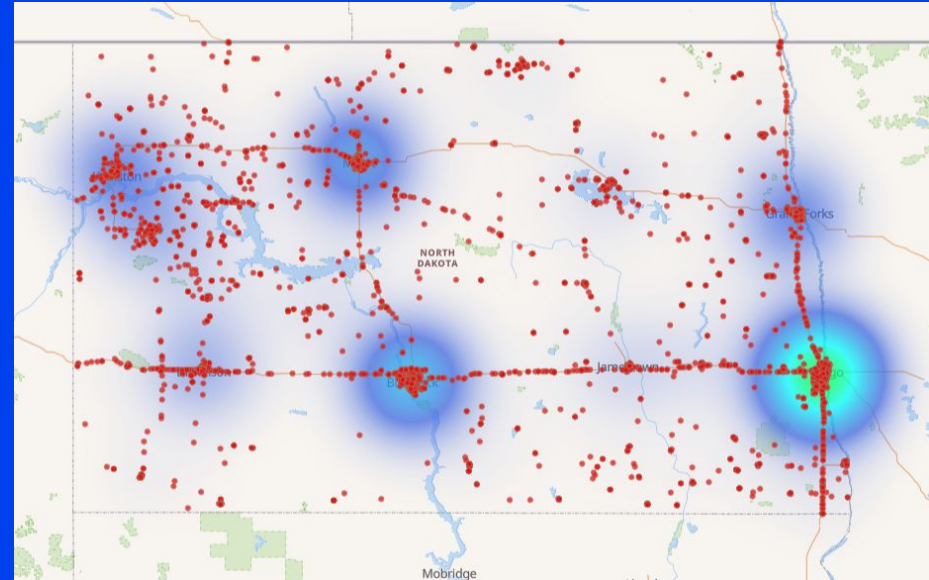
*The data in this report is based on GeoComply's geolocation check transactions for its customers, which occur at various stages of a user registering an account, logging in and placing a bet with legally regulated online sportsbooks.*



# North Dakotans Sportsbook Engagement Since NFL Kickoff

September 8, 2022 12:00 am ET - February 12, 2023 11:59 pm ET

- GeoComply identified approx. 35,000 transactions from North Dakota accessing legal sportsbooks in other markets – they were blocked from betting
- These attempts came from over 5,300 unique player accounts

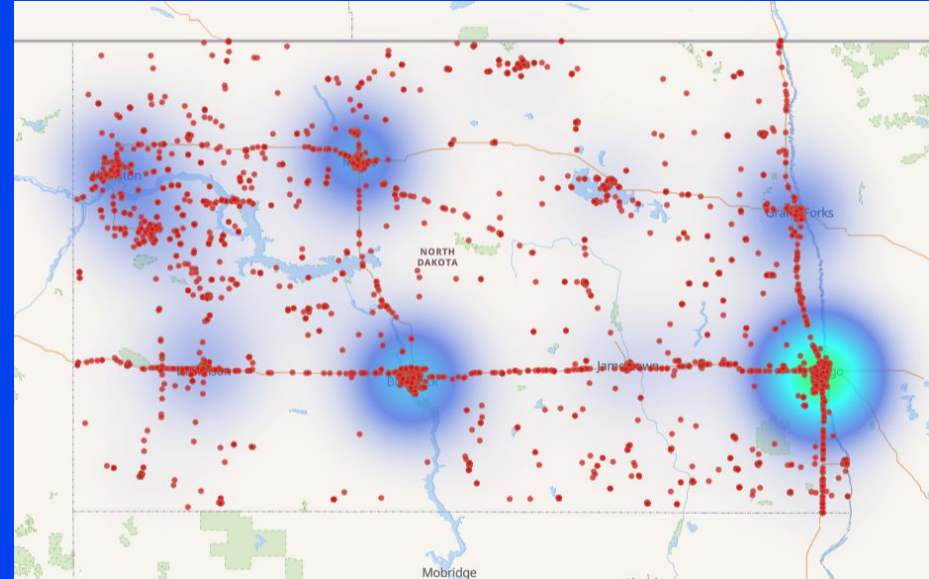




# North Dakotans Sportsbook Engagement for Super Bowl Sunday

February 12, 2023 12:00 am ET - February 12, 2023 11:59 pm ET

- GeoComply identified approx. 1,000 transactions from North Dakota accessing legal sportsbooks in other markets – they were blocked from betting
- These attempts came from over 250 unique player accounts





# More about GeoComply



**Proven, tested, and accredited globally**



<b>39</b> jurisdictional licenses	<b>175+</b> global customers	<b>28+</b> worldwide transactions everyday	Backed by: <b>Blackstone</b> ATAIROS	<b>FAST COMPANY</b>  Most Innovative Companies 2022
--------------------------------------	---------------------------------	---	--	---

 <b>#1</b> Leader in device and location-based fraud detection in online gaming	 <b>400m+</b> Device installs worldwide	 <b>250+</b> Tech Engineers and Developers globally	 <b>&gt;98%</b> pass rate for geolocation check	 <b>&gt; 10 Billion</b> Transactions per year across Gaming, Media and Fintech	 <b>500+</b> Employees globally
---	---	---	---	--	---------------------------------------



# GeoComply's Compliance Technology Can Support Regulated Sports Betting in North Dakota



## Geolocation

Technology to ensure **compliance with federal and state laws** that require players are located in legal online gaming jurisdictions.

Accurate geolocation is a **critical step toward legal wagering** in any state.



## ID Verification

Comprehensive KYC-tech that **confirms the age & identity** of players.

Regulator-approved tool that is customizable to **meet any state requirements** for player account creation.



## Fraud Prevention

Risk engine that **protects players & operators from fraud**.

Recent news underscores importance of real-time analysis that gives lawmakers and regulators **confidence in industry integrity**.



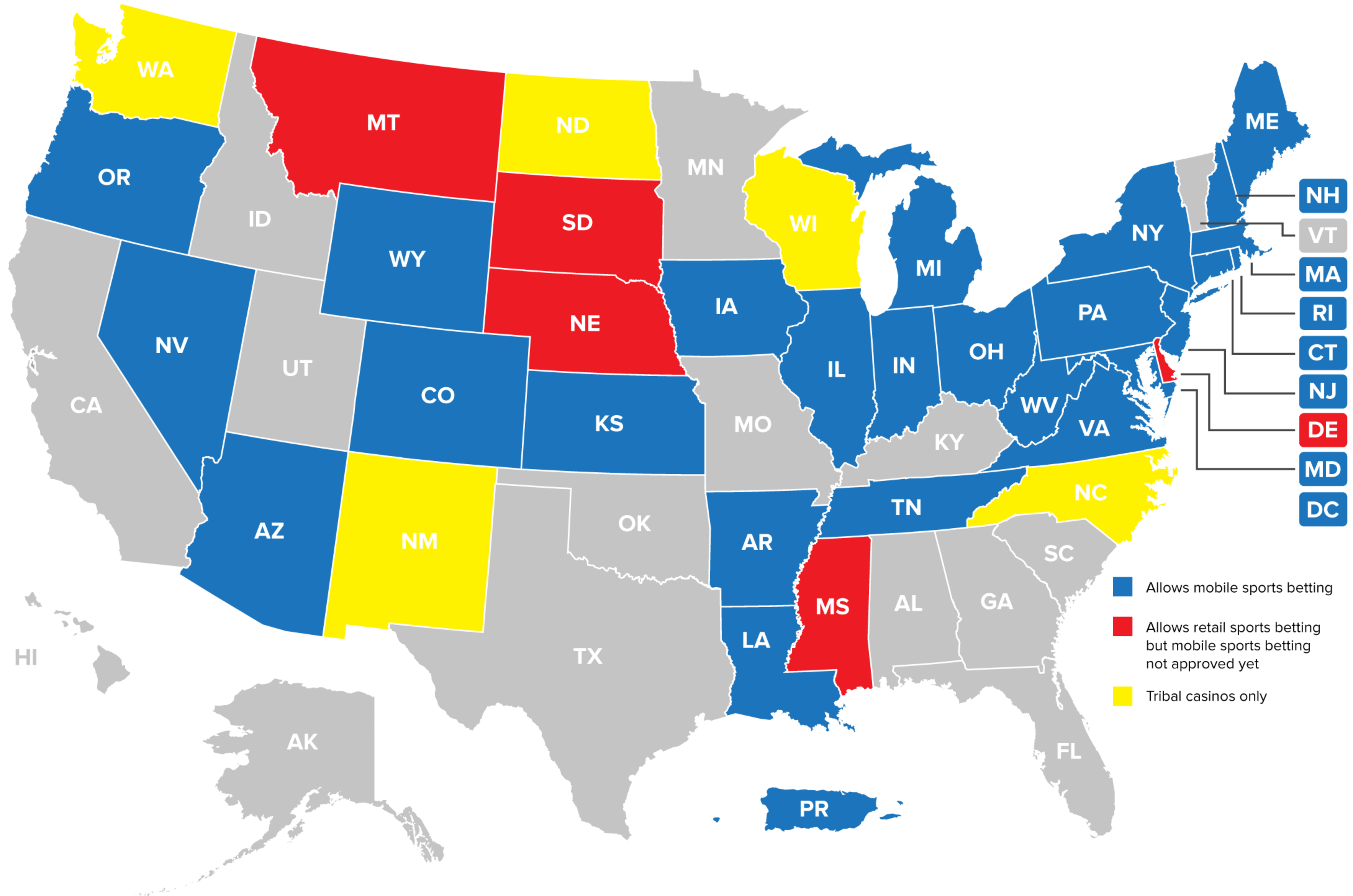


# Questions?

Please contact Gabrielle Angle,  
Director of Government Relations & Licensing  
[gabrielle@geocomply.com](mailto:gabrielle@geocomply.com)

# SPORTS BETTING IN THE US

35 States Plus the District of Columbia and Puerto Rico Have Legalized Sports Betting



# PLAYER DEMOGRAPHICS

Sports Bettors skew younger, male, higher income, higher employment, and higher education<sup>1</sup>

## GENDER



	Gen Pop	Sports Bettors
Male	49%	66%
Female	51%	34%

## AGE



	Gen Pop	Sports Bettors
Average Age	46.7	39.1
18 to 34	30%	45%
35 to 54	32%	40%
55+	38%	16%

## EDUCATION



	Gen Pop	Sports Bettors
HS or less	38%	31%
College +	61%	68%

## HH INCOME



	Gen Pop	Sports Bettors
<\$40K	39%	30%
\$40K to <\$100K	41%	46%
>\$100K	15%	23%

## EMPLOYMENT



	Gen Pop	Sports Bettors
Full Time	42%	62%
Part-Time	12%	10%
Retired/Homemaker	22%	11%
Student	3%	2%
Unemployed	20%	7%

1. Leger, Fantasy Sports and Sports Betting Market Study (commissioned for Fantasy Sports & Gaming Association). June 2022, web survey with a representative sample of 2000 U.S. adults between May 10-25, 2022.



# THE REGULATED SPORTS BETTING INDUSTRY TAKES CUSTOMER ID SERIOUSLY.

SBA online operators use best in class technology to confirm the identity, age and location of any customer attempting to place a bet on a website or mobile app.

## Each person must first establish a sports betting account

- + The applicant provides information including name, address, date of birth, last 4 digits of SS#.
- + SBA online operators use leading 3<sup>rd</sup> party Know Your Customer (KYC) technology to confirm identity using known information from multiple databases.
- + If identity cannot be confirmed based on this information, applicant will be required to provide additional information and proof of identification such as a state-issued ID or driver's license.
- + If this process still cannot confirm applicant's identity, they will be unable to create an account and the incident will be flagged in the system.
- + Applicant will be unable to create an account if applicant is under the legal age, has an existing account, or is part of an active exclusion program.
- + If the account is successfully established, customer must provide accurate credentials to gain access to their account each time they log in.

## Customer Location is Confirmed while the App is in use

- + SBA online operators use state-of the art Geolocation technology to determine the precise location of each customer while they are logged in to their account.
- + This Geolocation technology uses WIFI, GPS and IP address to accurately place the location of a customer.
- + This ensures that each verified customer is in compliance with local laws at all times and tax rates are accurately applied based on the location of the customer at the time the bet is placed.
- + Geolocation detects fraud by flagging log-ins from different locations indicative of unauthorized account access.

## Compliance is the Industry's First Concern

- + Accurate identification is key to keeping customers safe and fencing out unauthorized users.
- + Operators who do not comply face significant fines and risk losing their license.
- + Unlike most brick-and-mortar sportsbooks, a customer cannot place an online bet anonymously; online operators track the customer's bet history to detect patterns that may indicate fraud or responsible gaming concerns.



# THE REGULATED SPORTS BETTING INDUSTRY **TAKES RESPONSIBLE GAMING SERIOUSLY.**

As legal sports betting expands across the country, legal sports betting operators recognize the importance of working with state legislators and regulators to establish necessary consumer protection policies, including responsible gaming provisions. An estimated 1% of U.S. adults meet criteria for pathological gambling each year and another 2-3% are considered problem gamblers.<sup>1</sup>

The **illegal market** handles an **estimated \$150 billion of wagers** from U.S. customers each year, yet these offshore companies **provide no protections** against problem gaming nor do they pay taxes that could fund state problem gaming programs.

Legal, regulated operators are committed to protecting their customers from the pitfalls of problem gambling. While legal, regulated operators have already implemented many important measures to protect consumers, state legislators have a wide range of policy tools available to them in order to address the issue of responsible gaming and ensure the integrity of all sports betting. Among those tools are:

- + **Advertising information on problem gambling resources** – Many states require the prominent display of the state hotline for problem gaming assistance (in West Virginia, for example, it is 1-800-GAMBLER) in gaming facilities and on the websites of gaming operators;
- + **Player self-limits** – New Jersey has required online gambling operators to provide individuals with the opportunity to set limits on their play, which include the ability to set deposit and engagement limits.<sup>2</sup> Additionally, individuals have the ability to request a temporary suspension of their account for a desired period of time.<sup>3</sup>
- + **Voluntary self-exclusion** – Many states have created voluntary self-exclusion programs where individuals can choose to be excluded from gambling facilities and websites for a period of time or for life; and
- + **Dedicated funding for problem gambling** – Another option for states is to dedicate a portion of the tax revenue they receive from gambling to be used to fund problem gambling education and treatment purposes. New York has allocated \$3.3 million annually in tax revenue from gambling facilities to fund seven regional Problem Gambling Resource Centers.<sup>4</sup>

---

<sup>1</sup> Source: National Council on Problem Gambling

<sup>2</sup> Source: NJ L.2013, c. 27, § 23, eff. Feb. 26, 2013

<sup>3</sup> Source: NJ L.2013, c. 27, § 23, eff. Feb. 26, 2013

<sup>4</sup> Source: <https://www.oasas.ny.gov/pio/press/030518ProblemGamblingResourceCenters.cfm>

# SPORTS BETTING & LEGACY GAMING: A POSITIVE COEXISTENCE

Some policymakers have expressed concerns that legacy gaming interests like state lotteries, charitable gaming, or retail casinos will see reduced revenue as sports betting becomes legal. **But this has not proven to be true in states that have already embraced sports betting.**

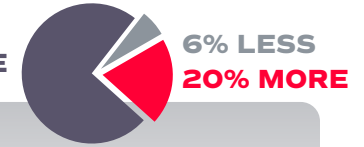
 **14.6%**

In New Jersey in Fiscal Year 2021, the **NJ Lottery set all-time revenue records** alongside the most successful sports betting year to date: The NJ Lottery's sales **rose 14.6%** that year to \$3.68 billion<sup>1</sup> while New Jersey sports bettors placed \$10.9 billion in bets.<sup>2</sup>

 **32.71%**

In Pennsylvania, **Video Game Terminal revenue rose 32.71%** in Fiscal Year 2021-22 to a record \$41.5 million after the introduction of both mobile sports betting *and iGaming* to the state.<sup>3</sup>

74% SAME



74% of lottery players report they would spend the same amount of money on the lottery if sports betting was legal in their state, and **20% would spend more.**<sup>4</sup>

## WHY? BECAUSE SPORTS BETTING ATTRACTS A DIFFERENT CLIENTELE THAN LEGACY GAMING

Sports betting attracts a younger, more affluent, and highly educated userbase when compared to those of legacy gaming operators.<sup>5</sup> Sports betting caters to a *specific subset of people* with both knowledge and interest in sports.

This often provides opportunities for cross-promotion between legacy forms of gaming and sports betting operators. Many casino entities have embraced sports betting as a way to get in front of users who would otherwise not have interacted with their brands.

And legal sports betting revenue doesn't pull users away from these legacy forms of gaming, it pulls users away from the *existing illegal offshore sports betting websites* like Bovada and MyBookie.com that are already accessible from any internet connected device in the US.<sup>6</sup> Prior to the authorization of legal sports betting, the illegal market was estimated to handle **\$150 billion** of U.S. customer money each year.<sup>7</sup> Authorizing and regulating sports betting pulls money from the illegal sports betting market—not other forms of legal gaming.

***There is plenty of room for sports betting and legacy gaming to thrive together!***

1. <https://www.insidernj.com/press-release/new-jersey-lottery-announces-record-sales-fiscal-year-2021/>

2. <https://www.nj.gov/oag/ge/docs/Financials/PressRelease2021/December2021>.

3. Pennsylvania Gaming Control Board, "Pennsylvania Gaming Control Board Reports Record Fiscal Year Revenue," July 19, 2022, available at <https://gamingcontrolboard.pa.gov/?pr=1001>.

4. NASPL - Sports Betting & Lottery, Leger U.S. Omnibus, June 2018

5. NASPL - Legal Sports Betting; One Year Later, July 2019

6. <https://www.americangaming.org/wp-content/uploads/2018/12/AGA-Oxford-Sports-Betting-Economic-Impact-Report1-1.pdf>

7. <https://www.americangaming.org/new/97-of-expected-10-billion-wagered-on-march-madness-to-be-bet-illegally/>