

January 27, 2021
HB 1234-Sportsbetting as a game of chance

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.

Sport betting in general is a "Sport consists of a contest between individuals or teams who agree to compete by the same rules. The uncertainty of the outcome is an essential part of sport's attraction, separating it from arts and other entertainment."

"If the result is pre-determined (or at least one of aspect of the contest), the integrity of sport is lost and with it a large part of its meaning and appeal for fans.

Match-fixing is therefore a major threat to sport.... Match-fixing corruption in sport related to gambling is a fundamental, worldwide threat to the future of professional sport. "

The International Olympic Committee now has its own strategy in place for the prevention of manipulation of competitions, based on three pillars:

- a) regulations and legislation;
- b) awareness raising and capacity building; and
- c) intelligence and investigations.

Source: *I Trust Sports (Sports Governance Company based in the UK which oversees the Olympic Events and other Sports contests).*

In the U.S., from the dawn of the 20th Century, with Shoeless Joe Jackson and the "Black Sox" engaged in a conspiracy to throw the World Series, Sports Betting has been thought to have a corrupt influence on the integrity of the game. In other words, without regulation—the "fix is in" and the fraud is perpetrated against honest bettors, the honest players, and the fans who pay to see a real game.

Today I have concerns with HB 1234:

- There are a myriad of technical and operational areas that must be considered to ensure the integrity of a sports wagering enterprise and protect the public because there are so many configurations, options, and decisions that take place within a sports wagering operation.
- With little or no professional regulatory framework in place, HB 1234 presents an open invitation to organized crime and corrupt sport "fixes." Clearly, by presenting a high level of public risk, this bill is not ready for enactment.

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- There is no rigorous regulatory regime for licensees to protect the integrity of the sports betting ecosystem by ensuring operators and suppliers are appropriately vetted and sports betting equipment is properly tested and maintained.
- There are no best practices for KYC and AML, which are to ensure customer identities are appropriately verified by requiring robust customer identity verification measures to ensure customers are who they say they are and that they are playing for entertainment. A robust "Know Your Customer" (KYC) provisions prevent illegal activity by providing operators and law enforcement with more information on patrons' source of funds – preventing money laundering and unlawful activity.
- There are no comprehensive responsible gambling safeguards in place, including velocity controls and spending limits, to ensure that patrons do not go above and beyond their means to place wagers.

North Dakota Already Authorized Sports Betting with Tribes through our Tribal-State Compacts and we are in discussions concerning how best to proceed with a system for Sports Betting.

Our Tribal nations are ready to regulate Sports Betting because we have an established strong regulatory system in place with:

- Tribal Gaming Regulatory Agencies that conduct Day-to-Day Oversight;
- Management and Key Employee Criminal Background Checks, Fingerprinting through FBI;
- Vendor Background Checks;
- Facility Licensing, that requires approval from the national Indian gaming commission (NIGC);
- Monthly state inspections
- Gaming Machines Independent Lab Tested;
- Environment, Public Health and Safety Reviews;
- Federal Regulation through the National Indian Gaming Commission;
- Annual Audits under Tribal and Federal Regulatory Oversight;
- IRS Oversight of Prizes and Reporting;
- Treasury Financial Crimes Enforcement Network (FINCEN) Anti-Money Laundering Systems; and
- FBI Investigation of Any Theft/U.S. Attorney Prosecution.

Lastly, the introduction of this vague language is another way to enter into the new unknown unregulated industry, that requires a whole new level of integrity and my Tribe 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.