



Chairman Klemin, Vice-Chair Karls and Members of the Committee,

Thank you for the opportunity to testify today. My name is Rebecca London, and I am here today to provide testimony for DraftKings in support of HB 1234. DraftKings is a digital sports entertainment and gaming company created to fuel the competitive spirit of sports fans with products that range across daily fantasy, regulated gaming and digital media. Headquartered in Boston, and launched in 2012 DraftKings is the only U.S.-based vertically integrated sports betting operator. DraftKings' Sportsbook is live with mobile and/or retail sports betting operations in 14 states.

DraftKings supports a sports wagering framework in North Dakota that protects consumers, generates maximum revenue for the state, and stamps out the pervasive illegal market. That means a robust mobile sports betting market without an artificial limit on mobile competition and no unnecessary hurdles for consumers to bet in the regulated market.

It is important to recognize that sports wagering is already taking place in North Dakota, with an estimated 138,000 people betting over \$355 million in illegal wagers each year. Nearly all the sports wagers in North Dakota are placed online through offshore websites in the robust illegal market. Across the country, states are trying to bring this activity into a legal, regulated market.

Mobile sports betting allows customers to place bets conveniently from their mobile phones and other devices. States that don't allow mobile sports betting have seen much lower revenues, growth, and penetration of the existing illegal market.

As you begin to consider implementing gaming in the State of North Dakota, there are a few factors to consider in order to build the strongest, most effective regulatory regime, while encouraging North Dakotans to abandon the illegal market.

First, legal operators are not just competing with other legitimate entities in the United States, they also must remain competitive to pricing from illegal, offshore sportsbooks that do not face the same taxation and regulatory costs. Barriers to market entry, such as high taxes and fees, cut into an operator's profit and reduce their ability to offer competitive pricing, a significant factor for consumers when making the decision on where to spend their money.

Second, not only must the state consider a mobile market, particularly in a rural state like North Dakota, it is crucial to allow for the ability to register and fund an account via



a mobile device. Creating artificial barriers for consumers, such as requiring them to drive hours to register a mobile sports betting account in person, is anachronistic in a time when people file their taxes via mobile applications on their phones.

Finally, it is crucial to allow for multiple operators to serve the market. A marketplace with multiple choices for consumers will lead to a much better consumer experience that forces operators to innovate and to continue to offer new products to North Dakota and to compete with one another. Multiple operators will also increase the overall economic impact that sports wagering has in the state.

Contrary to the thriving offshore market, DraftKings takes seriously the issues of underage wagering and problem gambling. At DraftKings, we use "know your customer" technology to ensure underage individuals are not able to create an account, deposit, or wager through our website or application. When verifying a customer's identification, a check is conducted using demographic information, including but not limited to first name, last name, physical address, and geolocation of the customer. The verification process is facilitated using multiple vendors and, only upon successful verification, is the customer able to create an account. DraftKings works with leading companies to monitor users' location through, including, but not limited to, cell phone location data.

Additionally, for the small segment of the population that struggles with gambling, we provide safeguards that allow customers to set their own deposit and play limits and to self-exclude from participation should they choose. A user also always has their entire transaction history available to them in their account information. The account history provides detailed information regarding all bets placed, all winnings and losses, and summary of their play over the last month, three months, year, and lifetime.

If North Dakota wants to best protect consumers, eliminate the thriving illegal offshore sports betting industry, and provide the state additional revenue streams it can best be achieved through the creation of a competitive, fully mobile sports wagering market.

Thank you for the opportunity to testify today. I am happy to answer any questions.