

February 17, 2021
HCR 3032 Authorizing Sports Betting

Good morning, Chairman Klemin and the members of the committee

My name is Collette Brown from Warwick, representing the Spirit Lake Tribe. I am Gaming Commission Executive Director of the Gaming Regulations and Compliance Department and together with my regulatory team, I work to ensure that our casino and resort are safe, well regulated, fully compliant with our Tribal-State Compact, Federal law and tribal law, and secure for our Tribe and our customers. Our Spirit Lake Casino and Resort are located seven miles south of Devils Lake.

Today, I am here to oppose HCR 3032. The bill is pushed by out-of-state mega-gambling interests, and is not right for North Dakota or North Dakotans. North Dakota is not Las Vegas, nor do we want to be.

Currently, the North Dakota state regulatory structure for electronic pull tab devices exist only on paper with NO real-world resources or the means to enforce the regulations that are in place. This bill should be an extensive regulatory study, so North Dakota can understand all the aspects of gaming, including the relationship between regulation and preventing money laundering. The study should look at the other states that have introduced similar games of chance. Responsible states that have completed their studies and have an active functioning gaming control board, not a division of twelve people who cannot regulate nor even visit to inspect the 3400 machines at the 995 North Dakota charitable sites.

What is the purpose of Gaming Control Board? They have lawful duty to ensure the conduct of fair and honest gaming is conducted to protect the interest of all the state citizens. To conduct board business regarding the implementation, administration and enforcement of the provisions relating to the licensing, regulation and conduct of casino gaming. They provide for the licensing, regulation, and control of casino gaming operations, manufacturers and distributors of gaming and any related equipment and supplies, and all persons who participate in gaming; they ensure the distribution of revenue is for public education, public safety and economic development; they authorize casino operations within the state along with the authority for the licensing, regulation, and control of casinos games; they restrict certain political contributions; they establish a code of ethics for certain persons involved in gaming; create certain funds; impose and authorize certain taxes and fees; impose penalties; to authorize conservators under certain circumstances; and to make an appropriation.

They have division experts for the day-to-day regulation of slots machines, bingo, sports betting, lotteries, and horse racing pari-mutuel or whatever games of chance that are offered to ensure a game of integrity is offered to protect the public. Each area of gaming is under this board they have actual law enforcement division who investigate complaints, they have inspectors to audit departments of gaming, and they have an IT division to assist with all the reporting that is required. They have a title31/bank secrecy act committee in place to review player suspicious activities. They have a surveillance team at all operations. Most of their Attorney General divisions are only utilized when executing any criminal or civil prosecutions in regards to gaming crimes.

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Now our State does not have a gaming control board like all the other states that have authorized sports betting as a game of chance. That is another reason why there should be a thorough study of gaming being that is our State may be intending on becoming the next Nevada. I believe a study would find our state is not prepared for this the state does not have the experts, there is not a control board in place we have a division that can only do so much with the resources they have available to them, a study should identify:

- Research of all states that have enacted sports betting as a game of chance along with their gaming control boards
- costs associated with a creation of a an actual Gaming Control Board all the experts in the divisions under the board
- Full background of any federal laws that will apply to this type of games offered
- the cost of an IT infrastructure for cyber security and data privacy
- the location of servers, and backup processes of servers will they be in the state or out of state or even out of the country
- dissemination and enforcement of more stringent state gaming laws, and regulations
- payment processors and entities that provide customer identity, age verifications along with geo-location services costs
- Federal Title 31 reporting, unusual or suspicious activity standards are needed, a Know your customer program as well, and who will be responsible for those filings with the department of treasury or the financial crimes network.
- will there be a constant surveillance of wagers to help identify problem gamblers
- Who will stay on top of the constant evolution of regulations and games
- How many FTE's will be needed for all these areas?

When we started researching sports betting back in 2016 we had to become the experts and learn all the terminology, the process of a bet, the backside of a server on how a bet is completed online, how a bank and person are identified, we had to identify a cheat or a scam on a bet, we had to learn what suspicious activity looks like on a server, we learned to identify a problem gambler, through all our education we needed way more of a IT infrastructure to assist with our day to day regulation. We have done all our research in the items I listed previously. We have our laws and policies in place. We are close to getting our sports betting kiosk, so we would like to now offer internet sports betting as well. Our Tribal-State Compact already authorizes gambling and we would like to accept bets from our neighbors throughout the state.

The public policy of North Dakota has been that gaming revenues must be used for public spirited uses: Governments like the ND Lottery, Tribal Government casinos and charities. This public policy is an important part of the fabric of North Dakota. Tribes and charities may be debating the merits of the numerous gaming bills in the legislature this session, but in the *real world* tribes and non profits work hand in hand every day to make life better for the citizens of North Dakota. Big, for profit gaming companies like Draft Kings don't care about North

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Dakotans, they're just trying to maximize their return on investment for the benefit of a few wealthy owners. On the NASDAQ New York Stock Exchange, Draft Kings tells us:

DraftKings is also looking at geographical expansion. The company is already entering new states in the U.S. as sports betting and iGaming is legalized. At the same time, international expansion is a key growth catalyst. In October 2020, DraftKings partnered with Peermont Hotels to launch PalaceBet (a mobile and online sportsbook) in **South Africa**.

There's nothing wrong with private business, but North Dakota is not South Africa. In North Dakota, we must hold strong against gambling saturation and the dilution of gaming revenues generated for the public good. Our industry should not be swallowed up by industry giants to send our state revenues to the New York Stock Exchange. We must keep gaming revenues for public and charitable purposes and keep gaming revenues in North Dakota.

We need to work together in building commonality of North Dakota community interest that is called for in our compacts. Together we must uphold the integrity of gaming. This House Concurrent Resolution should be amended to a Legislative Management Study.

Thank you for your time and your consideration.