Gambling and the Law®
The Coming Wave of Sports Betting

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The Three Waves of Legal Gambling

• First Wave - Colonial period to mid-19th century: 
  **Legal Debris:** “Lotteries” prohibited in state constitutions

• Second Wave - Wild West; South after the Civil War, new inventions. Crash - Victorian morality 
  **Legal Debris:** Statutes prohibit bookmaking, slot machines; U.S. federal anti-lottery laws; New Mexico told to close its casinos

• Third Wave - Depression to present: 
  **Legal Debris:** Piecemeal legalization by states, provinces
STATE LOTTERIES:
1961
STATE LOTTERIES:
1963 - New Hampshire
STATE LOTTERIES: 1969 - New Jersey
STATE LOTTERIES:
1971 – Connecticut, Massachusetts, Pennsylvania
1972 - Michigan, Maryland
1973 - Ohio, Illinois, Maine
1974-76 - Rhode Island, Delaware, Vermont
1980 - Arizona, Colorado
1981-82 - D.C., Washington
1984 - Oregon, California, Missouri, West Virginia
1985 - Iowa
1986 - South Dakota, Kansas, Florida
1987 - Wisconsin, Virginia
1988 - Kentucky, Idaho, Indiana, Minnesota
1990 - Louisiana
1991 - Texas
1992 - Georgia
1993 - Nebraska
1995 - New Mexico
1998 Elections - Alabama & South Carolina
1999 Election - Alabama
Nov. 2000 - South Carolina
Nov. 2002 - North Dakota, Tennessee
Nov. 2004 - Oklahoma
Nov. 2005 – North Carolina
Nov. 2008 – Arkansas
2013 – Wyoming
U.S. Supreme Court

*Murphy v. NCAA (PASPA)*

- Much more than allows states to have sports betting
- States can legalize any form of gambling
- Federal government cannot order state governments to do ANYTHING
Constitutional Law

• States were and still are sovereigns. Federal government only has power over individuals, not over states or state officials.

• States still have the power to do anything, unless they gave it up when they created the federal government.

• Federal government does not have the power to do anything, unless that power is listed in the U.S. Constitution
Winners

• Casinos, especially in Atlantic City
• Indian tribes?
• Sports leagues and teams, colleges
• Broadcasters of sports events
• Legal bookies around the world
• State politicians and lobbyists
• Internet poker operators
• Marijuana dealers and growers
Losers

• Nevada casinos and bookies?
• The State of Nevada?
• Indian tribes?
• Illegal internet sports books
• Fantasy sports
• Donald Trump – Cannot order state police to help round up illegal aliens
• A.G. Jeff Sessions – Same with pot
Questions

• Will Congress do anything?
  – Amend Wire Act to allow interstate and international sports bets?
  – Enact national regulations?

• Can territories have sports betting: Guam, Puerto Rico, USVI and CNM?

• Will the Leagues get their “Integrity fee”?
How Sports Books Make $ and Why a 1% Integrity Fee Won’t Work

- Standard bet: $11 to win $10. Total bet $22
- Line Team A must win by more than 7 points
- Bettor1 bets on Team A; Bettor2 bets on Team B
- Whichever wins gets $21
- Bookie makes $1 before taxes and expenses
- 1% “integrity fee” = $.22 of that $1.00
- Actual Numbers: Nevada’s 198 sports books won $1.2 million on $159 million SuperBowl bets
- 1% “integrity fee” = $1.59 million
Questions

- Which states will be first?
  - New Jersey, Pennsylvania, West Virginia
  - Delaware

- Do state constitutions have to be amended?

- Who will get the licenses, especially in states like California?

- Are there ways around the Wire Act?
Since May SCOTUS Decision

- MGM official gaming partner of NBA & WNBA; new sports betting gaming platform
- Meadowland track $3.5 million in first 9 days
- NM State Lottery, WV, RI, Miss., MD, etc.
- FanDuel bought by Paddy Power Betfair
- FanDuel (& DraftKing) spent $205 million in 2015; announce TV sports betting shows
- English style betting begins
- Point-shaving & other cheating inevitable.
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