

INTERNATIONAL CENTER FOR GAMING REGULATION

MOBILE SPORTS BETTING

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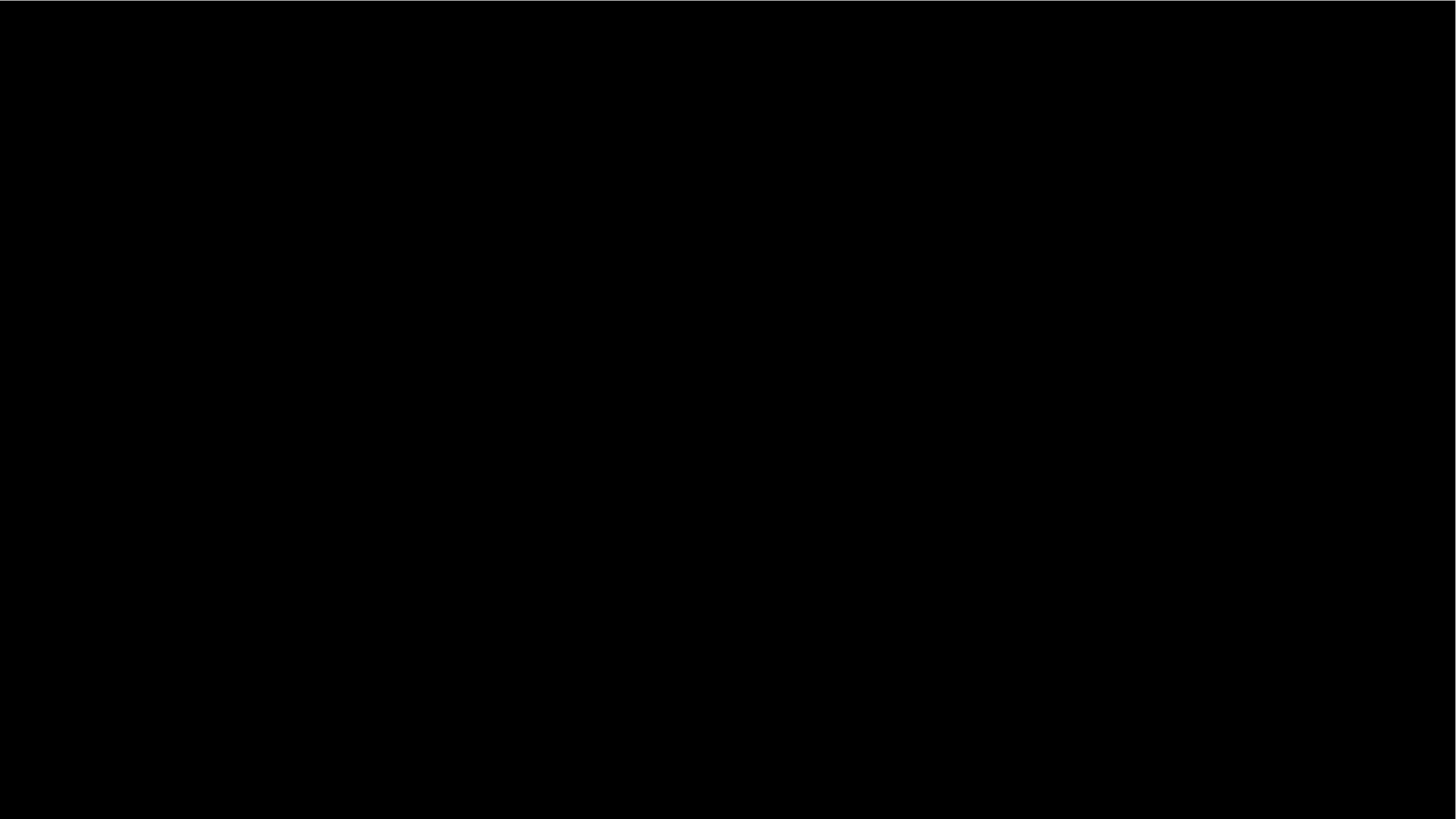
DISCUSSION POINTS

- ▶ History
- ▶ Technology
- ▶ Regulatory Mesh
- ▶ Concepts

HISTORY

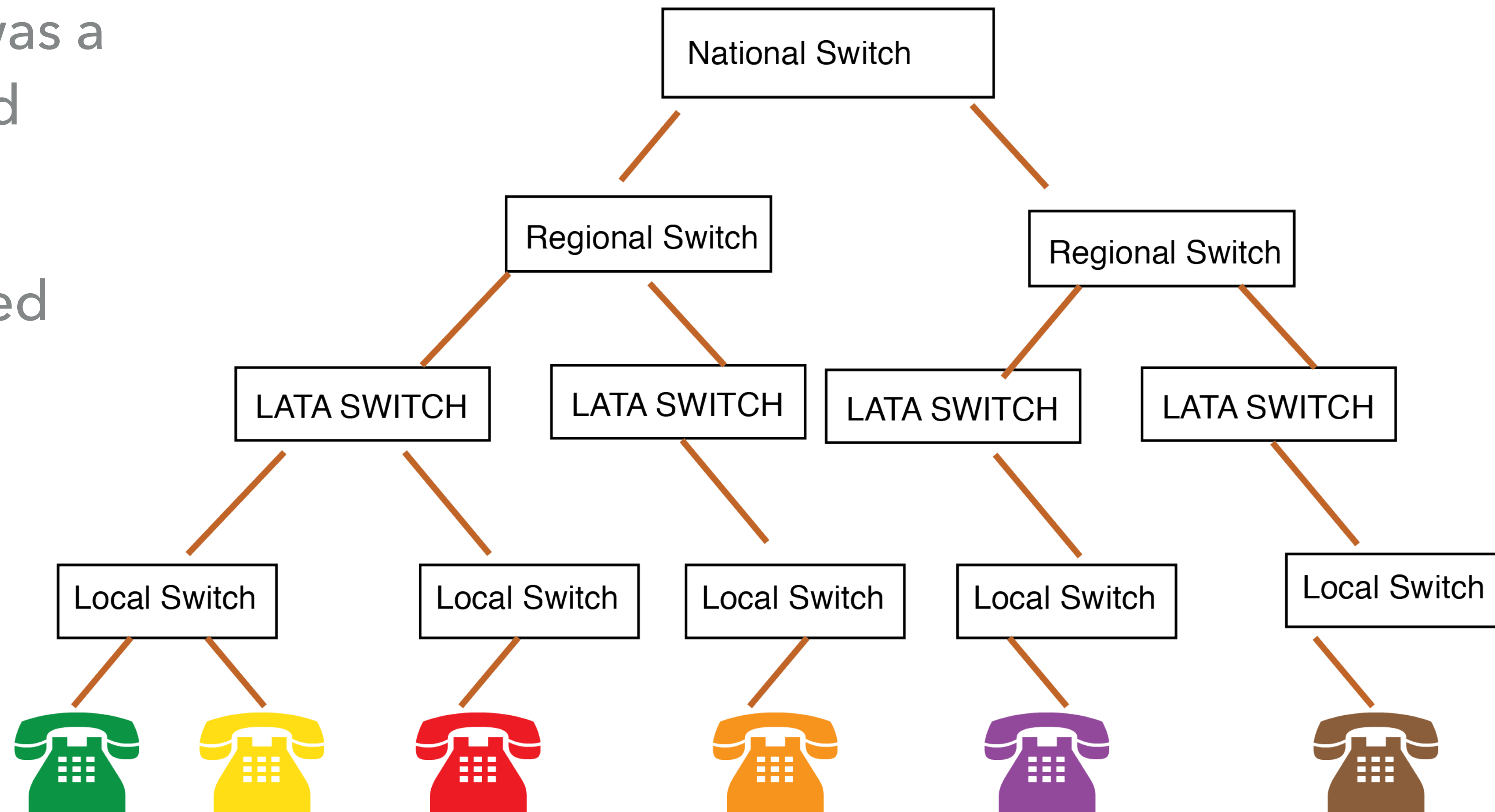
- ▶ Mobile sports wagering has its origins in remote account wagering.
- ▶ Remote account wagering was originally done via phone calls
- ▶ Prior to 1961, no federal laws directly applied to phone account wagering
- ▶ After 1961, only intrastate phone wagering could comply with federal law

HISTORY

- ▶ In 1972, Nevada first permitted sports pool and race book licensees to accept remote wagers on account
 - ▶ Geo-verification was done via the telephone caller-id/switching system
- 

HISTORY

- ▶ The old phone system was a collection of devices and switches.
- ▶ Each switch used incurred additional fees.
- ▶ For example...
 - ▶ Green to Yellow
 - ▶ Green to Purple



HISTORY

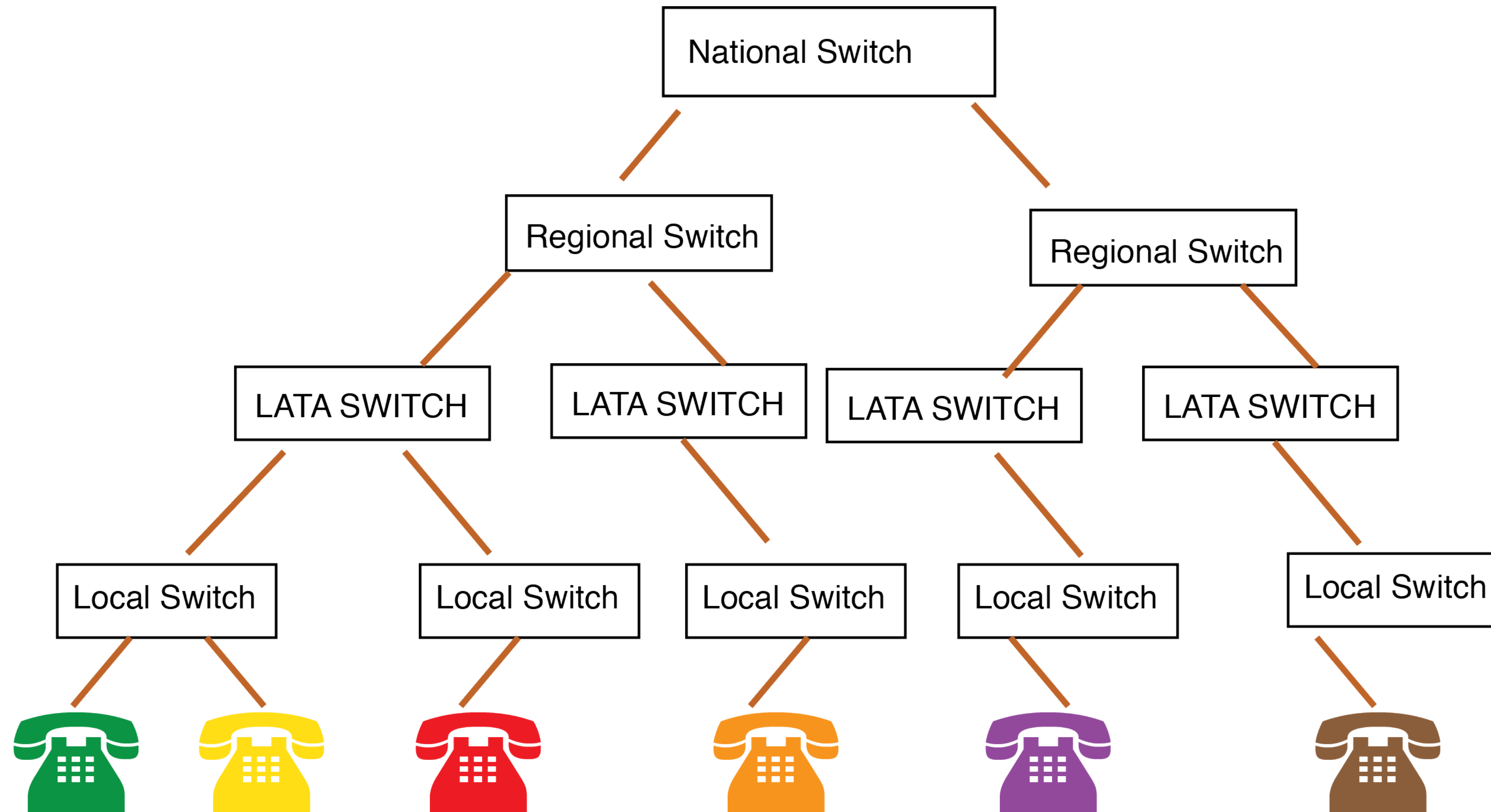
- ▶ In the 1980s and 1990s the sports betting kiosk was created
- ▶ The kiosk connected to the book via a dial up modem
- ▶ Given the fixed location of the kiosks, geo-verification was easily achieved



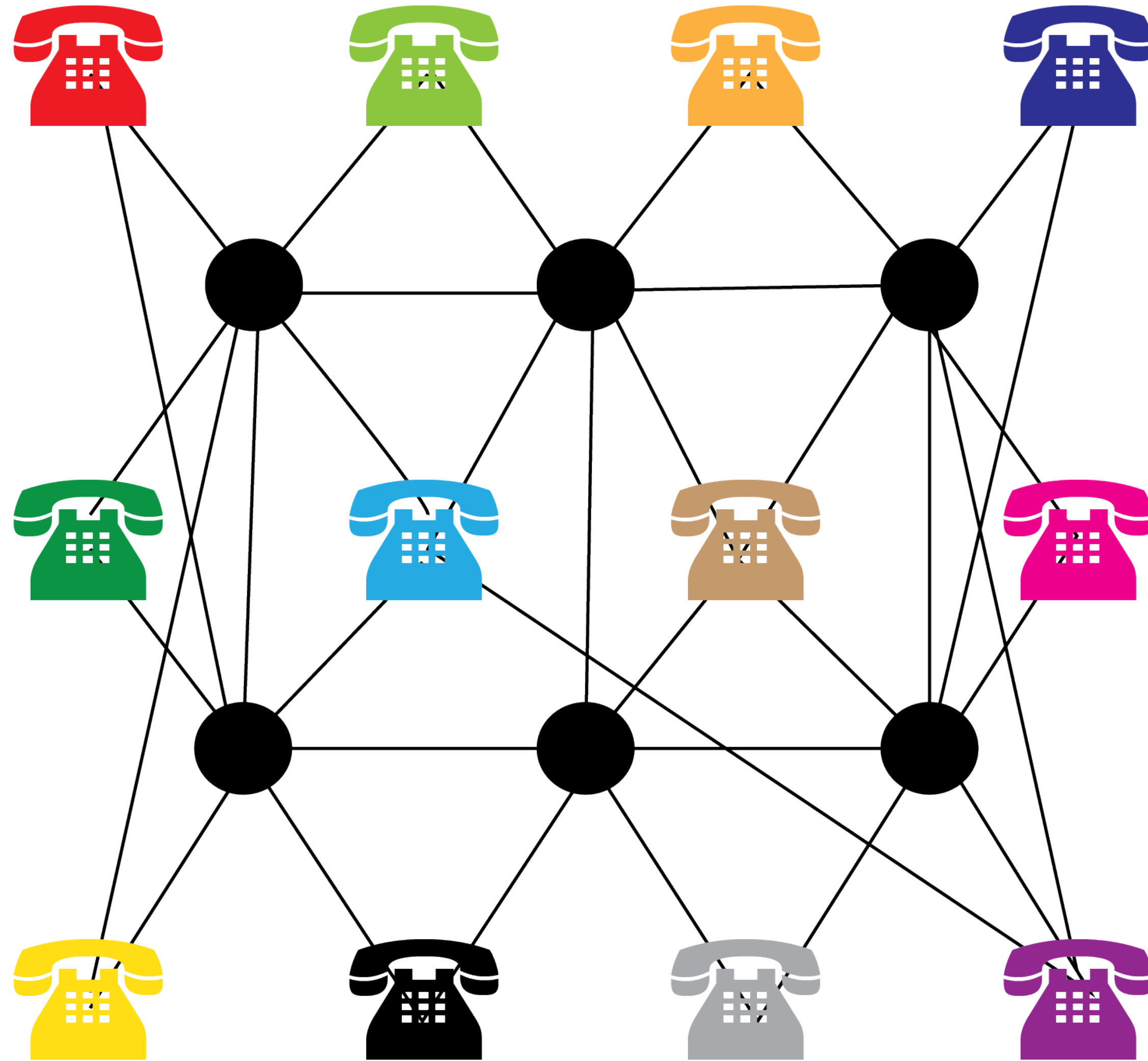
HISTORY

- ▶ Demand for high speed data creates a better architecture for electronic communications called packet switching
 - ▶ Packet Switching breaks data into packets and sends it through the network in the most efficient way possible
 - ▶ Efficiency is determined by avoiding network congestion
 - ▶ Also, multiple devices can use common lines as lines can host packets from many different communications

HISTORY



HISTORY

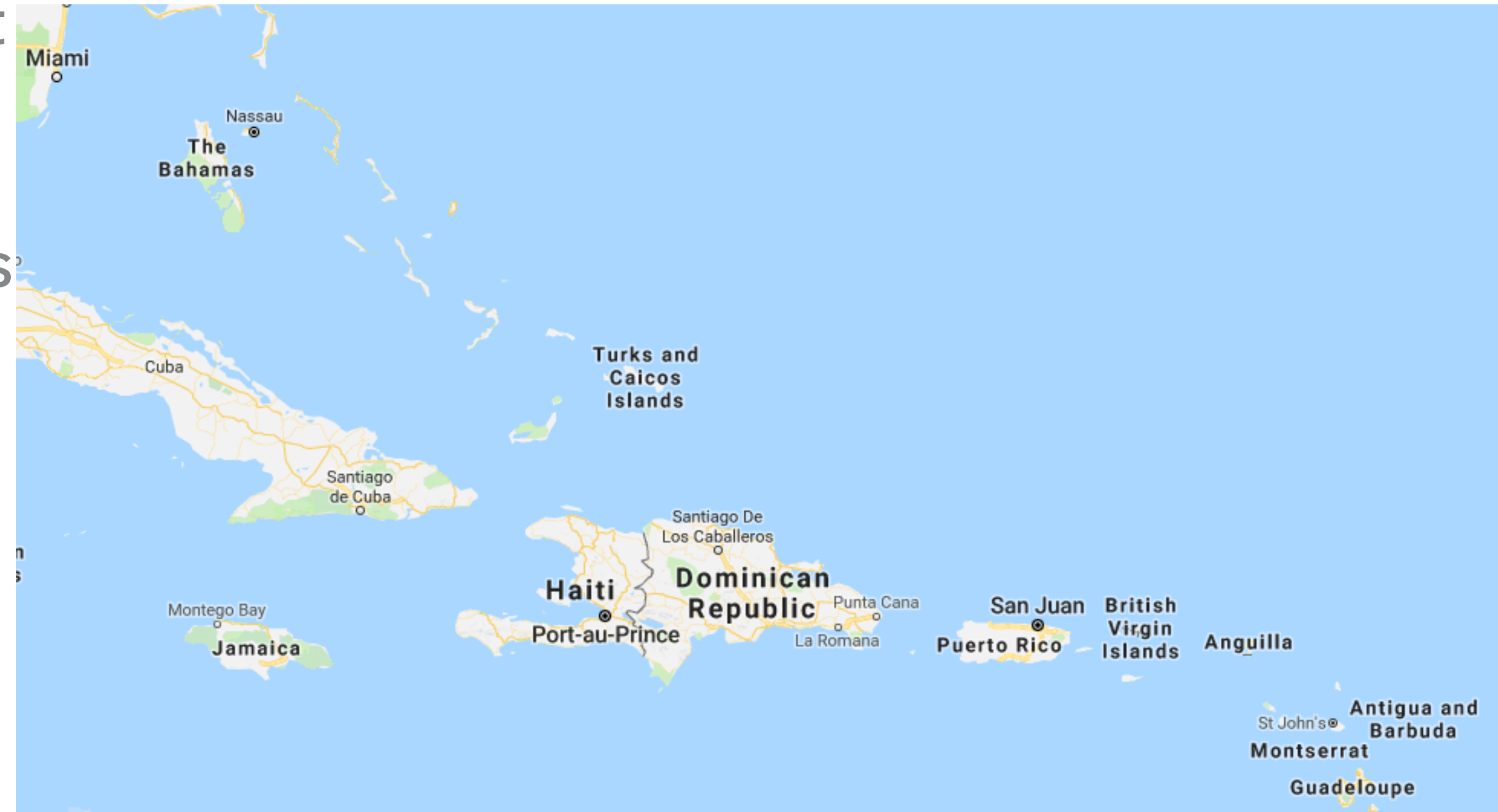


HISTORY

- ▶ Without the traditional hierarchical switching system based on dedicated lines, long distance, even international long distance, largely becomes a thing of the past
- ▶ Network communications become global and accessible

HISTORY

- ▶ 1994 - Antigua and Barbuda enact Free Trade & Processing Act
 - ▶ Permits online casino operations from their jurisdiction
 - ▶ Under the new law wagers placed with their operators are deemed to solely occur in Antigua and Barbuda

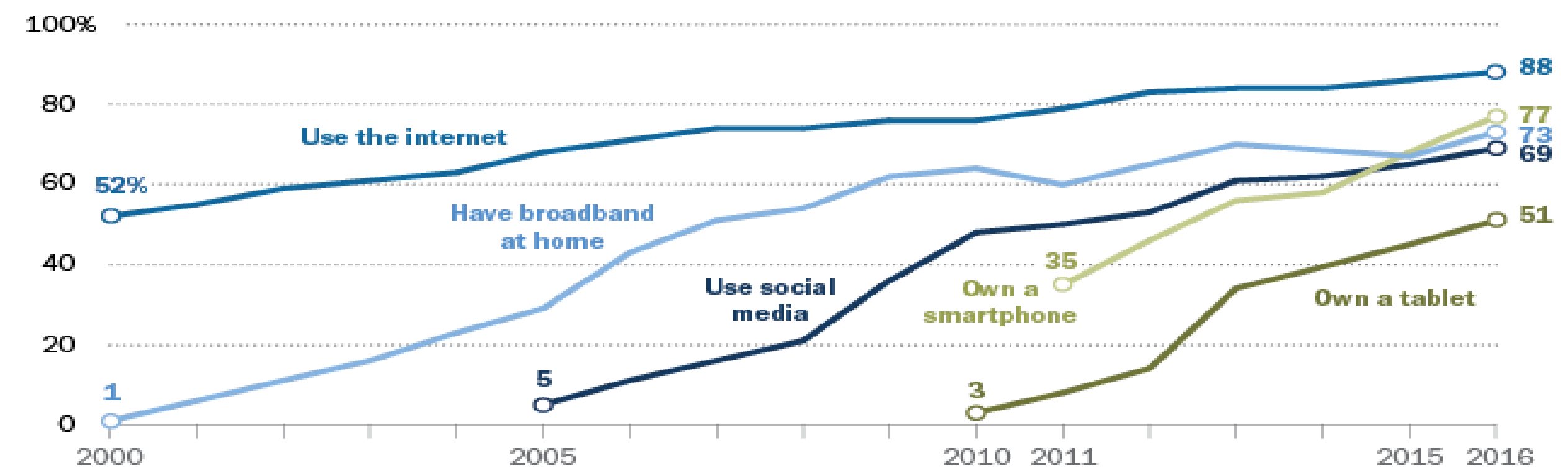


HISTORY

- ▶ 1996-2000s, "Off Shore" book handle soars:
 - ▶ Better pricing (no regulatory overhead)
 - ▶ Easy Credit
 - ▶ Anonymous computer access
- ▶ Systems are developed in Costa Rica & the U.K.
 - ▶ Often based on horse racing totalizer systems
- ▶ Coincides with a personal tech revolution

The evolution of technology adoption and usage

% of U.S. adults who ...



Source: Surveys conducted 2000–2016. Internet use figures based on pooled analysis of all surveys conducted during each calendar year.

PEW RESEARCH CENTER

HISTORY

- ▶ 2001 Nevada enacts legislation to license interactive gaming
 - ▶ Casino gaming using remote account wagering
 - ▶ Internet, private cell, private cable...
- ▶ 2002 The U.S. Department of Justice issues a letter of warning to Nevada regulators
 - ▶ Deeming interactive gaming to be illegal under federal law.

HISTORY

- ▶ 2005 Nevada enacts Mobile Gaming statutes
- ▶ Mobile gaming is interactive gaming confined to a casino premises



HISTORY

Rapid Bet Live receives approval to begin live field trial in Nevada

By Bookmakers Review
11 September 2006

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The Nevada Gaming Control Board's Technology Division has approved the first installation of the "wireless" version of Rapid Bet Live for a live field trial at the Palms Hotel and Casino in Las Vegas.

Rapid Bet Live allows live wagering throughout the entire course of a sporting event. The developer, Progressive Gaming International, received regulatory approval to distribute the "wired" version earlier this year. The "wireless" version will give patrons the flexibility of placing wagers on a mobile device from specific networked areas in the casino as well as playing from fixed terminals within the sports book.

"We believe casino operators' sports books will benefit from implementing both the 'wired' and 'wireless' versions of Rapid Bet Live by creating an exciting new sports book experience which will lead to incremental revenue growth opportunities," said Progressive Gaming CEO Russ McMeekin.

In separate news, FortuNet is the latest technology company, after IGT and Cantor, to win the approval of the Nevada State Gaming Control Board to become an operator of mobile gambling devices. The bingo device manufacturer said it will adapt its portable bingo devices to play other games.

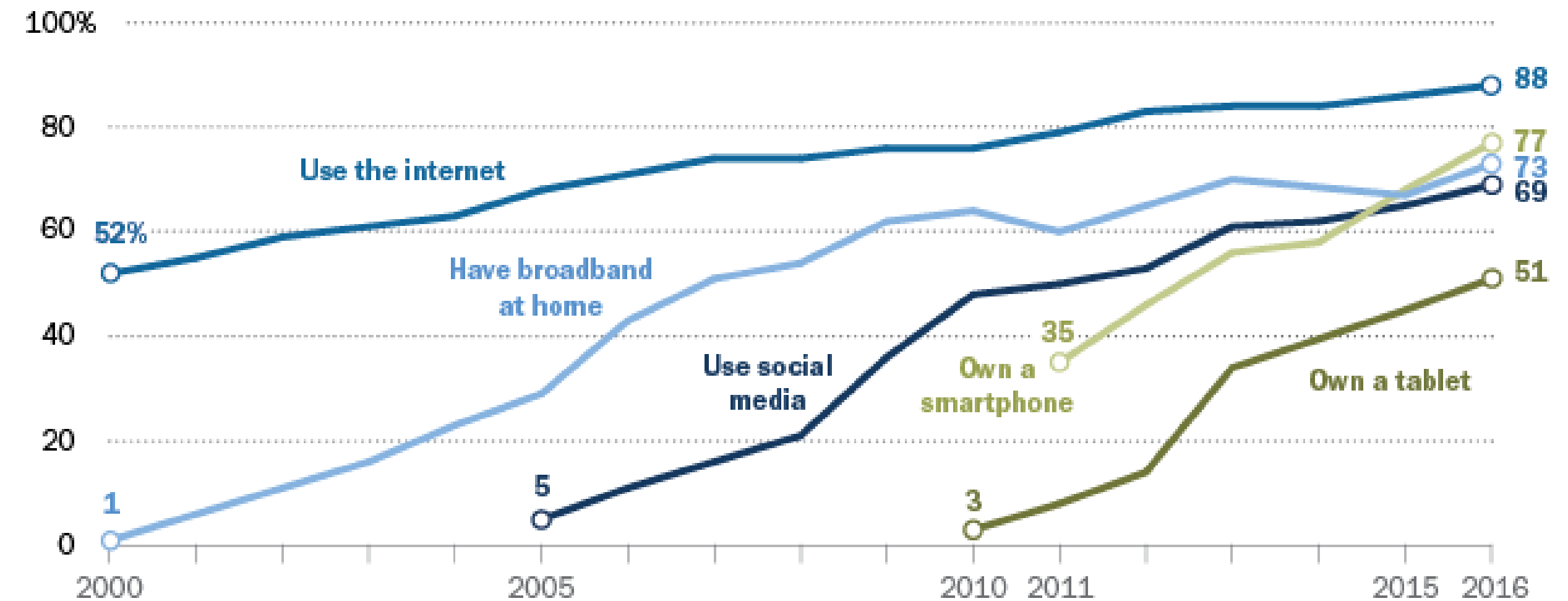


HISTORY - THE CONFLUENCE OF EVENTS

- ▶ 2000-2006 - Cell phone use explodes
- ▶ 2006 - the UIGEA is enacted
- ▶ 2008 - Apple launches the app store
- ▶ 2012 - Google launches the Google Play store
- ▶ Apps become safer with controlled distribution
- ▶ Apps also can tie payments to a person
- ▶ 2012-2015 - Users are comfortable with payments and transactions over a smart phone

The evolution of technology adoption and usage

% of U.S. adults who ...

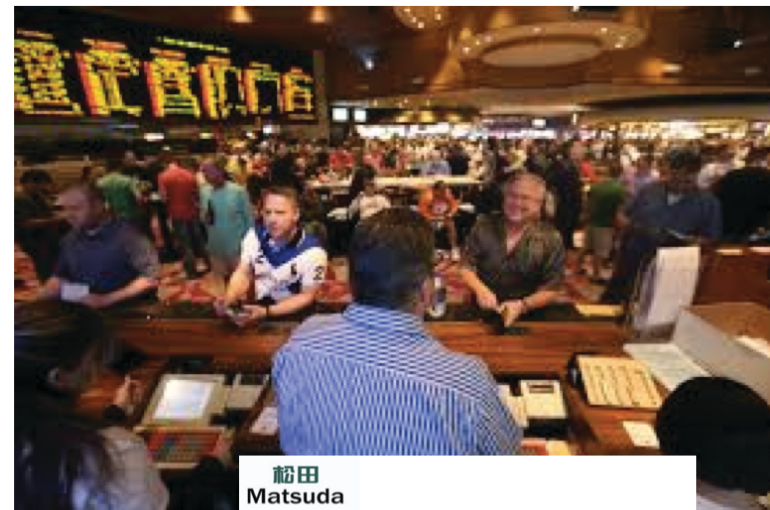


Source: Surveys conducted 2000-2016. Internet use figures based on pooled analysis of all surveys conducted during each calendar year.

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ADVANCED SPORTS WAGERING - MOBILE SPORTS WAGERING

TECHNOLOGY



CE FC



DOMESTIC SPORTS BETTING APP

American Wagering, Inc. Announces the LEROY'S® APP Now Available on iPhone

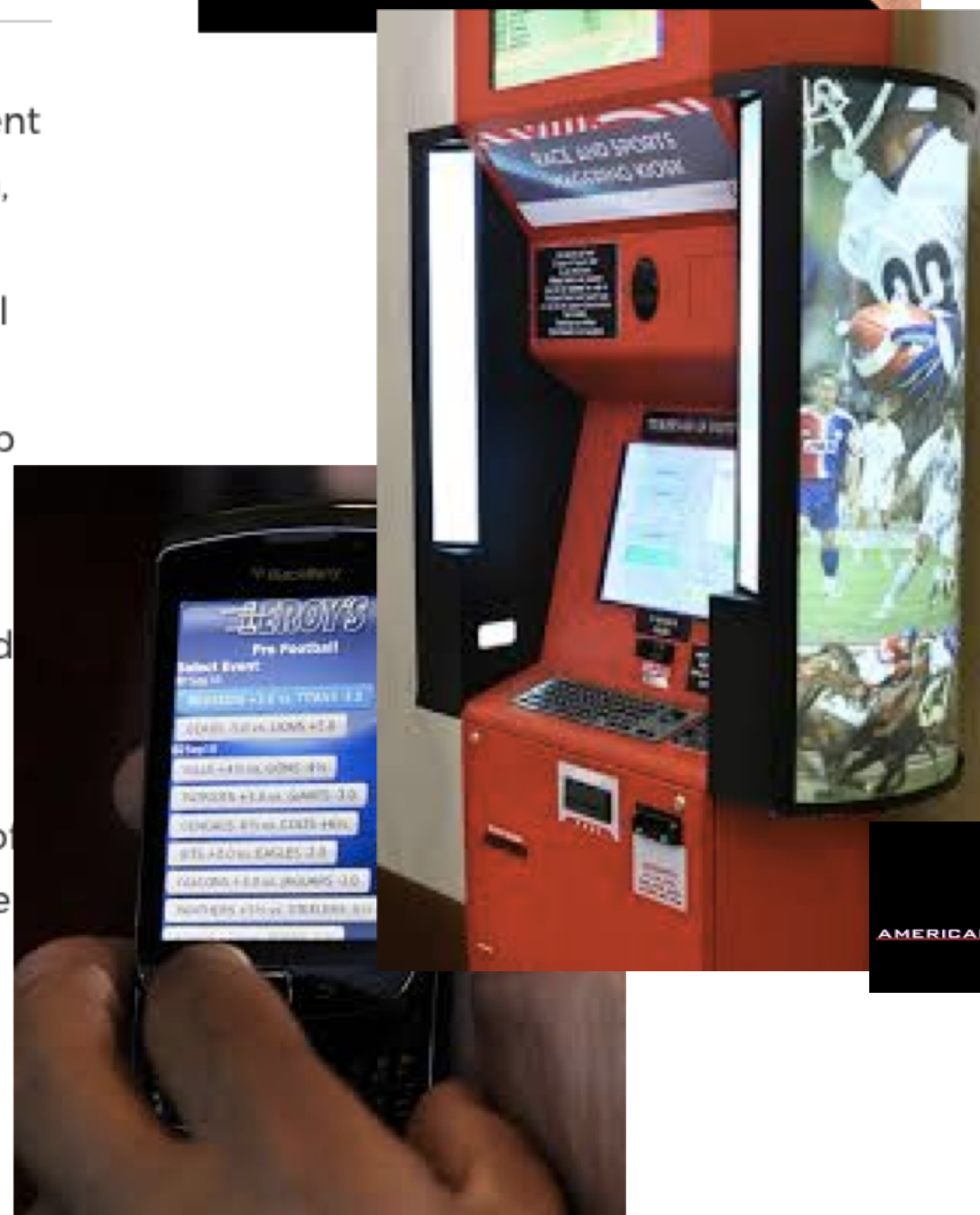
NEWS PROVIDED BY
[American Wagering, Inc.](#) →
Oct 14, 2011, 12:17 ET

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LAS VEGAS, Oct. 13, 2011 /PRNewswire/ -- American Wagering, Inc. (AWI) (OTCBB: BETM), the parent company of Leroy's Sportsbook (Leroy's), the largest independent sportsbook operator in Nevada, and Computerized Bookmaking Systems, Inc. (CBS), a leading provider of race and sports technology, announces that Leroy's received field trial approval from the Nevada Gaming Control Board to offer its mobile account wagering application, the LEROY'S® APP, on the iPhone. This approval is a major milestone in sports betting history and it is the first mobile sports betting app to be released on iPhone in the United States.

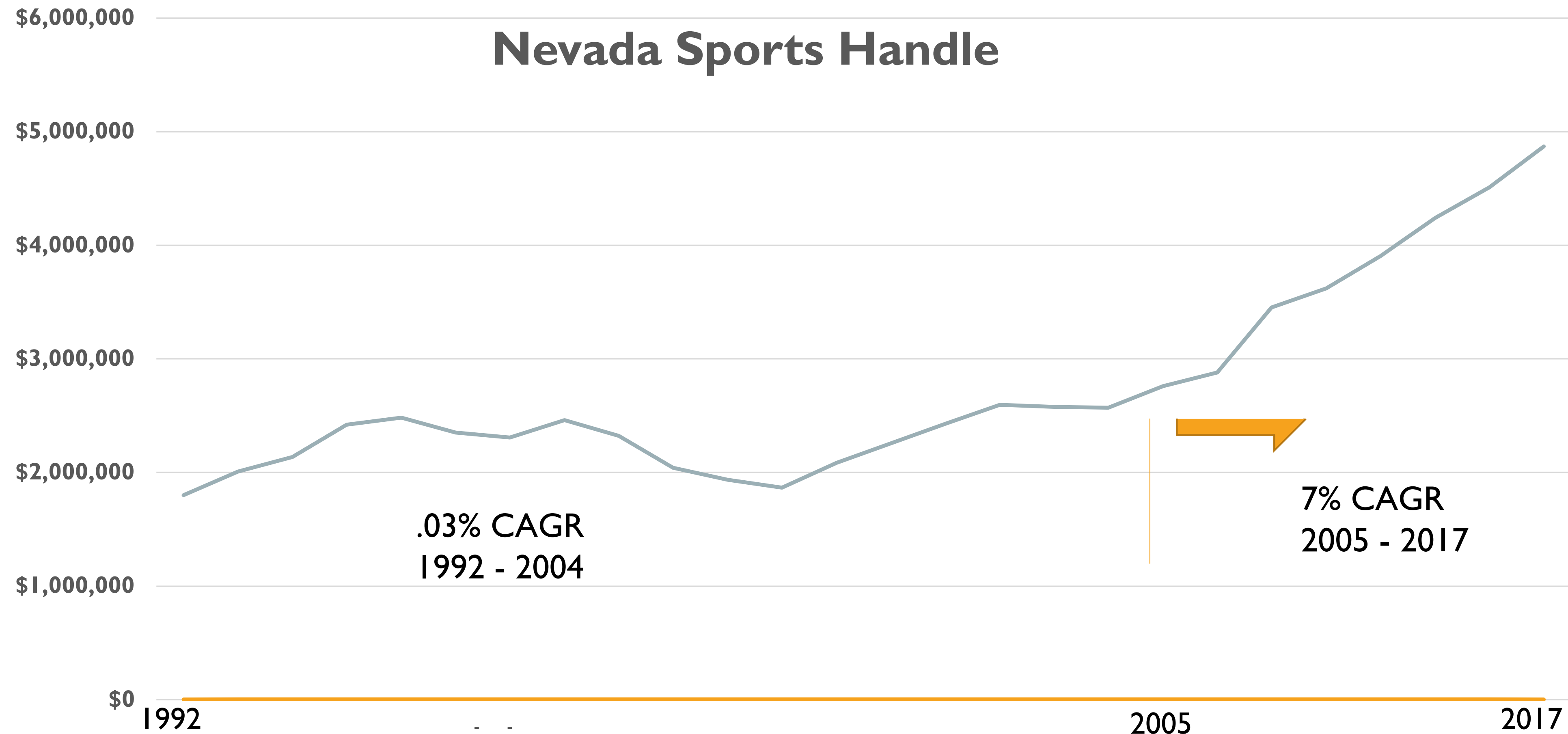
The LEROY'S® APP now is available on the three top selling smartphones--iPhone, Android®, and BlackBerry®--that are furnished by the top four US mobile carriers--Verizon, Sprint, AT&T and T-Mobile®. With the addition of the LEROY'S® APP for the iPhone, Leroy's offers mobile account wagering for over 90% of the smartphone market in Nevada. Leroy's anticipates the next phase of its account wagering expansion will be the submission of the LEROY'S® APP for the iPad and the



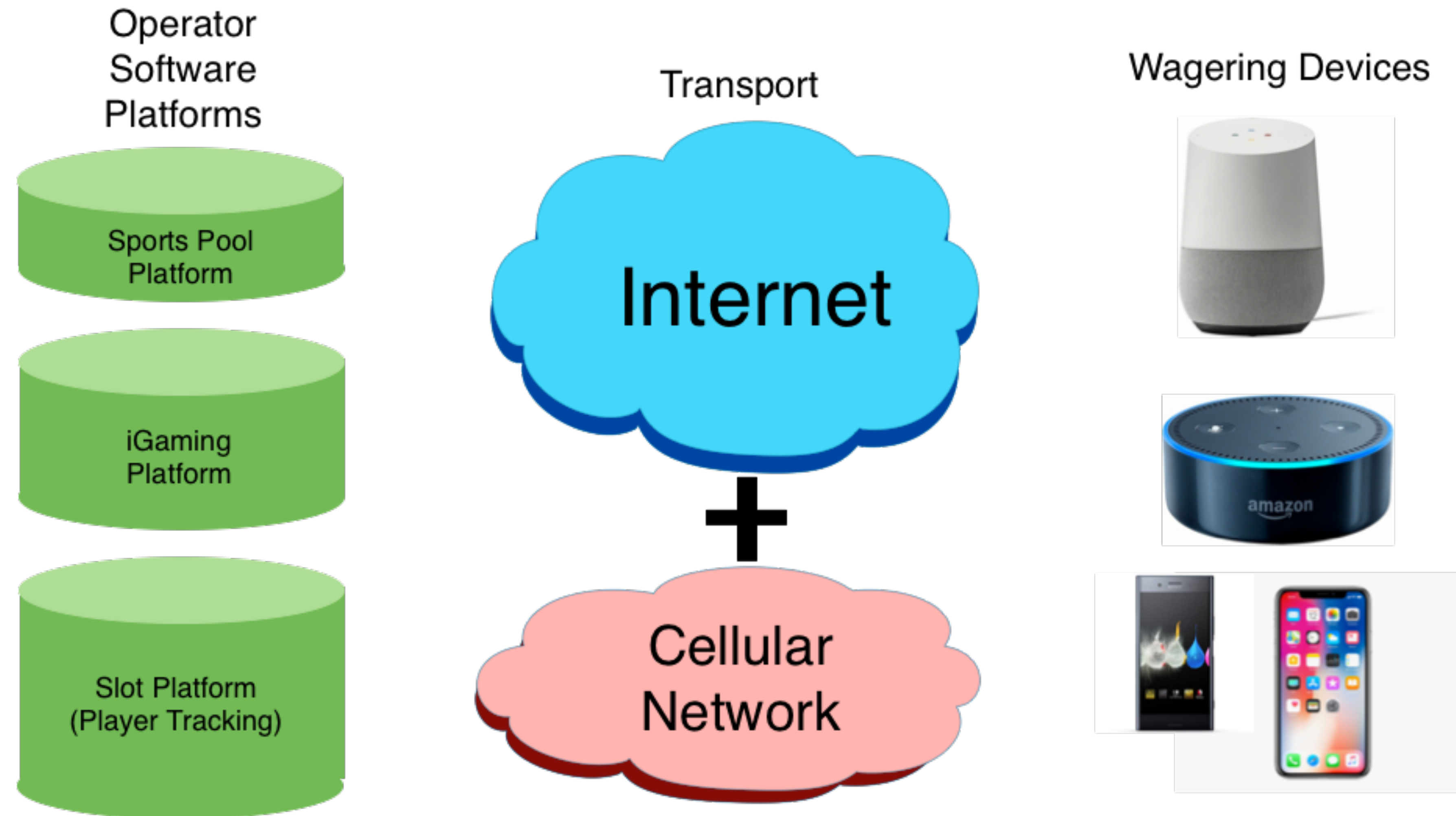
- ▶ Vic Salerno - Innovator
- ▶ First mobile sports betting application - AWI
- ▶ Pari-mutuel sports - AWI
- ▶ First kiosks - AWI
- ▶ Pari-mutuel fantasy sports - U.S. Fantasy



NEVADA GROWTH



MOBILE TECHNOLOGY PARTNERS



MOBILE TECHNOLOGY PARTNERS

- ▶ Mobile wagering application developers



- ▶ Book systems providers



- ▶ Sports data providers



- ▶ Marketing

- ▶ Bookmakers/Risk Managers



MOBILE APPLICATION FEATURES

	In State	Unclear	Out of State
▶ GEO LOCATION			
▶ Technology Matrix			
▶ IP Verification			
▶ Tower Data			
▶ Phone GPS			

IP	O	X	X
Towers	O	X	X
GPS	O	X	X

LEGAL AND REGULATORY – HIGH LEVEL

- ▶ The PASPA ban on regulated sports wagering
- ▶ Post-PASPA many states have enacted and other are considering enacting legislation to regulate sports wagering
- ▶ Fees, requirements, and tax rates at this stage appear to be quite varied

LEGAL AND REGULATORY – CONCEPTUAL DIFFERENCES

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LEGAL AND REGULATORY – CONCEPTUAL DIFFERENCES

NEVADA

Establish a Wagering Account in-person verification required

Fund at Casino Kiosk or physical outlet

Wager via window, kiosk, or mobile app

Re-fund at Casino Kiosk or physical outlet

Establish a Wagering Account via visit, mobile app or online (**no in-person verification required**)

Fund at outlets, or using credit via online or mobile account

Wager via window, kiosk, or mobile app

Re-fund online or at retail outlets using cash or credit card

United Kingdom

Verification on withdrawal

NEVADA

William **HILL**

Mobile Sports

Let's Get Started

www.WilliamHill.us/mobile

UNITED KINGDOM

The screenshot displays the bwin website interface for the United Kingdom. At the top, there is a navigation bar with links for Help, Contact, Responsible Gaming, Payment methods, and a login section with fields for User ID and Password, and buttons for 'Forgot your password?', 'Register now!', and 'Log in'. The main navigation menu includes 'Home', 'Sports', 'Poker', 'Casino', and 'Games', with 'Casino' highlighted. Below this, a sub-menu offers 'Casino Home', 'Instant Play Casino', and 'Download Casino'. The central banner features a roulette wheel and a bwin chip, with two main promotional boxes: 'Instant Play Casino' (Play over 30 games now - no download necessary) and 'Download Casino' (Download now for bigger jackpots and loads of extras). Below these are buttons for 'Play instantly!' and 'Download now!'. The left sidebar contains a 'QUICKSTART' section with a 'Select a game' dropdown and a 'Golf' button, and a 'GAMES (99)' section with links for 'Card games', 'Table games', and '3-Reel Slots'. The main content area below the banner is divided into three sections: 'Instant Play Casino' featuring a blackjack table and cards with the text 'Blackjack Make 21 using luck and skill!', 'Viva Venezia!' featuring a slot machine and a Venetian mask with the text 'Win a dream holiday to Venice and 50 x EUR 25! Go for the win from 04.02. to 10.02.2011', and a partially visible 'Blackjack' section.

MOBILE ENABLING IN-PLAY WAGERING

- ▶ Betting options happen too quickly for efficient window betting
- ▶ Risk management is key as margins are historically lower for in-play wagering
- ▶ Labor costs are also higher for managing risk
- ▶ Algorithms need constant review and revisions to manage risk
- ▶ In-play prop wagering costs are also higher due to the need for auditable data tied to prop wagering

ADVANCED SPORTS WAGERING - MOBILE SPORTS WAGERING

NEVADA

Company	iOS	Android	Min First Deposit	Min Reload	Min Bet	Comps	In-Play Betting?
William Hill	Yes	Yes	\$100	\$5	\$2	\$1 per \$600	Yes
Wynn	Yes	Yes	\$100	\$50	\$5	None	No
CG Technology	Yes	Yes	\$100	\$100	\$2	None	Yes
Stations	Yes	Yes	\$100	\$50	\$2	\$1 per \$500	Yes
Boyd	Yes	Yes	\$100	\$100	\$2	None	No
SOUTH POINT	Yes	Yes	\$100	\$50	\$2	None	Yes
MGM	Yes	Yes	\$100	\$50	\$1	None	Yes
Atlantis Reno	Yes	Yes	\$20	\$20	\$1	Yes	No

NEVADA

- ▶ Mobile gaming has been the fastest growing method of wagering in Nevada over the last 4 years
- ▶ Margins for most bookmakers are lower for mobile than window betting, but volume for mobile betting is growing to dominate window betting
- ▶ Almost all Nevada bookmakers use some form of mobile or kiosk wagering

FUTURE DEVELOPMENTS

- ▶ Voice betting platforms (think Google Assistant, Microsoft Cortana, and Amazon Alexa)
- ▶ Play-by-play wagering
- ▶ New wagering opportunities

SPECIAL THANKS

- ▶ Several of the slides and their content are from:
 - ▶ Joe Bertolone, CEO of Ainsworth America
 - ▶ GameOn Consulting Services 775-450-0115

Thank You!

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GAMING REGULATION

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