



Leagues, teams oppose gambling, but reap rewards of fantasy partnerships



By [John Harris](#)

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NBA commissioner Adam Silver had just completed a halftime interview during Game 4 of the NBA Finals between the Cleveland Cavaliers and Golden State Warriors when ABC cut to a commercial for DraftKings.

The daily fantasy sports website, which boasts it will give away \$1 billion in prizes this year, recently signed a three-year deal with ESPN, owned with ABC by Disney. Competing fantasy website FanDuel already has a presence with the NBA, having signed a four-year deal with the league in November.

As the debate over legalized sports gambling intensifies, the four major professional sports leagues say they officially remain opposed to it, but they eagerly accept partnerships with daily fantasy websites worth hundreds of millions of dollars.

Fantasy websites are legal, and the NBA, NFL, NHL and Major League Baseball say partnerships with the sites do not conflict with their position on sports gambling. Many onlookers say otherwise.

“Without a doubt, fantasy sports is kind of the gateway to move from what was the backroom, ‘Soprano’ bookmaker in a local bar to what we now see today as a big, booming business,” said Central Michigan professor Tim Otteman, who specializes in studying sports gambling in college athletics.

DraftKings offers more than 20 daily contests, with some games paying out \$1 million in overall prizes.

FanDuel signed its deal with the NBA two days after the NHL signed a four-year deal with DraftKings. Earlier, DraftKings also partnered with Major League Baseball.

Last week, FanDuel announced multiyear partnerships with 13 NBA teams.

The NFL has not yet signed with a fantasy sports website, but five of its teams, including the Steelers, have signed deals with DraftKings, allowing the company myriad advertising possibilities. Sixteen NFL teams have signed similar deals with FanDuel.

According to the Fantasy Sports Trade Association, Americans spend about \$15 billion annually on fantasy sports. Most of that — \$11 billion — is spent on the NFL. To put that in perspective, the NFL's annual revenue is about \$10 billion, according to Forbes.

The Unlawful Internet Gambling Enforcement Act (UIGEA) was passed in 2006 as a deterrent to online sports betting. Signed into law by President George W. Bush, it featured a provision that would not apply to “participation in any fantasy or simulation sports game” as long as the prizes and awards are established in advance and the result is not based on a single score, point spread, team performance or individual performance.

U.S. Attorney Michael K. Fagan, who has handled about 30 online gambling cases in the Eastern District of Missouri and is a board member of Stop Predatory Gambling, said times have changed.

“At the time, in 2006, fantasy sports was something different than (today's) daily fantasy sports. There wasn't really money involved. It wasn't an outright wager,” he said. “Shortly after that, somebody within the gambling industry said, ‘We can exploit this loophole that Congress created with UIGEA.’

“Rather than have people play seasonlong where they track teams and make trades and draft players based on statistics, we still create a team, and you might pick players based on statistics but also make a new bet every day. There's skill involved, but really luck is the predominant factor. It's a roll of the dice.”

Jim Murren, chairman and CEO of MGM Resorts International, told reporters in April that sports officials and politicians who argue that daily fantasy games are not gambling are “absolutely, utterly wrong.”

“I don't know how to run a football team, but I do know how to run a casino, and this is gambling,” Murren said.

Blurred lines?

Shortly after the NBA announced its deal with FanDuel, Silver penned a controversial op-ed piece in the New York Times.

“Betting on professional sports is currently illegal in most of the United States and outside of Nevada. I believe we need a different approach,” Silver wrote. “Congress should adopt a federal framework that allows states to authorize betting on professional sports, subject to strict regulatory requirements and technological safeguards.”

Silver's comments were in contrast to previous sports commissioners who, concerned with the integrity of their respective sports, were reluctant to endorse sports gambling of any kind.

In February, MLB commissioner Rob Manfred created room for discussion, saying, "Gambling in terms of our society has changed its presence on legalization, and I think it's important for there to be a conversation between me and the owners about what our institutional position will be."

"When the NBA decided to invest directly in FanDuel, Adam Silver seemed to recognize it would be hypocritical to continue to take a position in opposition to traditional sports gambling," said Marc Edelman, an associate professor of law who specializes in sports and gaming law at the Zicklin School of Business at Baruch College, part of the City University of New York. "Rather than risk looking like a hypocrite, like some of the other commissioners, Adam Silver is taking the broader position that he would favor sports gambling if reasonably regulated, thus allowing the NBA to make its investment with FanDuel without giving the appearance of opposing sports gambling."

The NFL, for now, will continue to monitor the daily fantasy marketplace, league spokesman Brian McCarthy told Trib Total Media.

"We do permit the clubs to accept advertising within their controlled media properties, including TV, radio, digital, print and stadium signage, provided no club or league marks are included in such advertisements," he said.

The Steelers' deal with DraftKings provides opportunities for fans to "engage with the team via tickets to games, VIP events and experiences as well as supplying in-stadium fantasy updates and LED signage displays," according to a statement from the team. DraftKings' branding will be featured on the Steelers' digital media properties, including the team website and mobile app.

What's ahead

State representative George Dunbar is banking on the popularity of fantasy sports sites to help push through House Bill 1197, which would permit licensed casinos in Pennsylvania to offer fantasy sports tournaments.

"We're trying to find alternatives to what our casinos offer patrons, to attract more individuals and keep them in there," Dunbar said. "Let's use the Rivers Casino, for instance. A lot of people who go to a (Steelers) game go to the Rivers beforehand. Maybe they'll pick a fantasy team for that day, go over and watch the Steelers game, come back to the Rivers and hang out through the 4 p.m. game to see how their fantasy team does."

Nine states, including Pennsylvania, are attempting to pass daily fantasy sports bills.

Former Iowa Republican Congressman Jim Leach, who authored the Unlawful Internet Gambling Enforcement Act, said he never intended for the law to apply to daily fantasy sports.

“Obviously, it has gone way, way beyond anyone's expectations,” Leach said.

Stop Predatory Gambling Foundation director Les Bernal questioned the legality of daily fantasy sports, calling them “parlay wagering.”

“The difference between you and I participating in a season-long ESPN fantasy league and we've known each other a long time and you maybe make \$50, you're not going to lose your rent check doing it,” Bernal said. “We're not doing it every day in terms of losing money.

“Then you have these predatory gambling interests using the concept of fantasy sports to create a cloak.”

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