



STEVEN MALANGA

## The Shadow Hanging Over Fantasy Sports

*Wildly popular online betting could be a social disaster waiting to happen.*

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Betting on high-stakes fantasy sports leagues has exploded this year, thanks to the endorsement and support of major TV networks, star players, media personalities, and high-powered investors. These leagues—which rely on the performance of actual professional athletes—will spend \$27 million in advertising in the first several weeks of the new NFL season and give away millions of dollars to winners. Supporters argue that they are harmless games of skill. Experts on gambling addiction disagree. The new fantasy leagues, they say, are no different than other forms of gambling. If the critics are right, betting on fantasy sports may be a social disaster waiting to happen.

Fantasy sports games have been around for decades. In 1968, the novelist Robert Coover published *The Universal Baseball Association, Inc., J. Henry Waugh, Prop.*, the tale of an accountant who creates his own league and gradually becomes lost in a fantasy world he thinks he controls. In its current form, the pastime dates to the 1970s. Participants draft players, whose performance in real games accumulates points for their fantasy teams. Former *New York Times* public editor Daniel Okrent created one of the earliest leagues in 1980, when he persuaded friends to join what he dubbed Rotisserie League. For years, fantasy games followed this model—groups of acquaintances running season-long leagues largely for fun. As the format's popularity grew, professional leagues and sports broadcasters created websites for fantasy players to organize and host their own leagues.

Until recently, fantasy sports remained largely an informal arrangement among friends playing for fun or stakes among themselves. That changed with the arrival of online ventures like DraftKings and FanDuel, which charge players to join leagues and award prize money to winners. Rather than offering a season-long experience, the new sites offer one-day or one-weekend fantasy leagues. This has sparked a massive rise in both players and business. FanDuel's 2014 revenues were \$57 million, up from \$14 million in 2013.

Documents for a private-investor offering earlier this year projected [the site will rake in \\$170 million](#) this year.

FanDuel and DraftKings have figured out how to monetize the popularity of fantasy sports, prompting a gusher of investment. Early this year, [DraftKings raised \\$300 million from investors](#) including Fox Sports, the National Hockey League, Major League Baseball, Major League Soccer, and the Kraft Group, the investment arm of the Kraft family, which owns the New England Patriots. Just a few weeks earlier, [FanDuel raised \\$275 million](#). Its backers include Turner Sports, NBC Sports Ventures, and KKR. (One potential investor, Walt Disney Co., which owns ESPN, decided not to get involved because executives thought it didn't fit with their family-friendly image.) The sites are putting investors' money to use in a massive battle for market share. Over the next three years, DraftKings will spend \$250 million on [advertising on a single network, Fox Sports](#).

The fantasy leagues say they can operate in ways that traditional betting sites can't thanks to an exclusion written into the [2006 Unlawful Internet Gaming Enforcement Act](#). The author of that act, former Iowa congressman Jim Leach, [told ThinkProgress](#) earlier this year that the industry lobbied him to make an exception for fantasy sports. He went along, he says, because he expected fantasy sports' role in the gaming world would be "de minimus." No one, Leach explained, imagined fantasy betting would evolve into what it's become today.

Betting on fantasy sports is gambling, according to a wide variety of critics. Earlier this year, the *Las Vegas Review-Journal* [reported](#) that the Nevada Gaming Control Board was warning casino operators to be cautious about entering the field because it may ultimately be deemed illegal. "Clearly this cannot be ignored, and it is gambling. We have not engaged in it as a commercial enterprise because we haven't gotten comfort by our regulators that we should," MGM Resorts International chairman Jim Murren said. The 1992 [Professional and Amateur Sports Protection Act](#) prohibits states or individuals from operating wagering schemes tied to "one or more performances of . . . athletes." Fantasy sites have not yet been challenged under the law.

Timothy Fong, an associate clinical professor at the UCLA Gambling Studies Program, likens fantasy sports to card-based games like poker and blackjack. Each involves a certain amount of skill and strategy combined with luck. "Very simply, it's gambling, [putting] money on an event with a certain outcome in the hopes of winning more money," Fong has [said](#).

The rise of daily fantasy games is especially troubling because they have "a fundamentally different relationship to chance than season-long fantasy games," argues Les Bernal, head of

Stop Predatory Gambling, a reform group. “On a given day an injury, a snowstorm, or a ball bouncing strangely could affect a result. In this regard, placing a wager with a [fantasy] operator is very similar to placing a bet with a bookmaker.” The new daily format’s success is not accidental. The gaming industry has known for some time—and research into human behavior confirms—that games that produce instant payback or gratification can hook a player before he fully understands how deep his obsession has become. “This can best be understood by the continual reinforcement of the activity leading to the habit and the reshaping of the brain,” writes [Dan Trolaro, a program specialist with the N.J. Council of Compulsive Gaming](#) who deals with fantasy players. “In other words, the brain creates pathways in support of the habit.”

Among the cases Trolaro says he’s already encountered are “a 20 year-old college student in South Jersey isolated in his dorm room with his laptop for an entire weekend picking lineups for his [\$500] Monday matchup” and “a 17 year-old student in a North Jersey high school picking his lineup on his smart phone while in biology class for a chance at \$1,000.” Not surprisingly, [a 2014 study published in the journal \*Addictive Behaviors\*](#) found that fantasy sports players were more likely to engage in other forms of sports betting. “Daily fantasy sports games may very well serve as the ‘gateway drug’ to online sports gambling,” Trolaro suggests.

Addiction specialists’ fears are not misplaced; legalized gambling has led to social meltdowns before. In the early 1990s, a South Carolina court ruling exempted video-poker games from state gaming restrictions. The machines spread rapidly throughout the state. By the end of the decade, 35,000 terminals were taking in more than \$3 billion a year. Personal bankruptcies skyrocketed, the number of problem gamblers rose six-fold, and [a 10-month old baby suffocated in a car](#) as her mother—addicted to the machines—played at a roadside casino. Churches and business groups campaigned to end the games, which a ruling by the state’s Supreme Court [ultimately](#) did.

Websites like DraftKings and FanDuel have benefited from the widespread perception that betting on fantasy sports isn’t gambling. Unlike casinos and state lotteries, fantasy sites carry no warnings about gambling addiction. Parents, spouses, and friends of players may be slow to recognize the signs of compulsive gambling because they believe fantasy sports are a harmless diversion. The imprimatur of the professional leagues, sports broadcasters, and athletes will only further encourage that notion.

The pool hustler Danny McGoorty once said that one of the worst things that can happen to a person is to win a bet on a horse at an early age. Flush with hundreds of millions of dollars

in venture capital, the fantasy sites are giving players who don't even think they're betting a big taste of winning this year. Experience suggests that some may come to regret it.

***Steven Malanga is the senior editor of City Journal and the author of [Shakedown: The Continuing Conspiracy Against the American Taxpayer](#).***