

M.D. Harmon: Fantasy sports sites feed the unsuspecting to gambling’s ‘sharks’

Just like casinos and the Maine Lottery, online games such as FanDuel and DraftKings exploit the most vulnerable.

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A three-part series [published in this newspaper last month](#) piled fresh evidence on an old truth: Gambling may be “a tax on people who are bad at math,” as the cynical saying goes, but it is also a tax disproportionately paid by the poorest among us.

The series was the work of the Maine Center for Public Interest Reporting, which contracted with Cornell University to conduct a study that showed what everybody already knew: Residents of the state’s least prosperous communities spend hundreds of dollars more on lottery tickets per capita than those who live in its richest cities and towns.

The “gaming” industry knows its potential clients very well, and keeps their hopes and dreams always in mind – even as it acts to frustrate them.

And now a new study has shown that is even true for the nation’s newest form of betting, the rapidly growing industry centered on one-day fantasy sports betting.

Academics who study the behavior of gamblers already knew that casinos buy their slot machines from firms with detailed knowledge of what keeps a person feeding money into a slot.

Distracting patterns of colors and sounds, combined with payouts whose amounts and timing are controlled with extreme precision based on psychological research, produce revenues that can be predicted with considerable accuracy.

No less contrived are the games that keep players returning to state lottery outlets, where their odds of winning big are bleak and where revenues are pumped into the state's General Fund with almost no legislative oversight.

While an examination of lottery practices was assigned to a state watchdog agency way back in 2007, the series noted, it has never been completed.

Residents of Kennebunkport, one of the state's wealthiest communities, where only one in 100 families lives below the poverty line, spend just \$6 per capita each year on lottery tickets.

But in the Washington County town of Waite, one of the state's poorest communities with a 20 percent poverty rate, the per capita toll was \$1,313 last year.

The lottery is clearly marketing hope to the otherwise hopeless, and while it is possible for some players to break even on smaller payouts, the big prizes come around far less often. There is, for example, a 14,000 percent better chance of being hit by lightning than of winning the Powerball prize, the series reported.

So while hope is marketed in very sophisticated ways, it is seldom delivered.

Which brings us to the national daily fantasy games such as FanDuel and DraftKings. [A report](#) released this week by a group called Stop Predatory Gambling (stoppredatorygambling.org) says the online sites, like the lottery, have few winners and exploit customers who lack the specialized skills the sites require to win.

Stop Predatory Gambling describes itself as “a 501c3 non-profit based in Washington, D.C.,” that is dedicated “to a fundamental national reform: ending government-sponsored gambling because it is dishonest, financially damaging to citizens and contributes to the institutionalized unfairness and inequality in our country.”

The group says that daily fantasy sports sites meet all the definitions of a gambling operation, and are designed to offer a back door into either bypassing or changing federal law, which now makes Internet gambling illegal.

But so far, probably because the industry has established financial links to professional sports teams, it has been permitted – although four states have banned it and investigations into its practices have been launched in Florida and New York.

Despite all the hype, unskilled players don't win very often. As the report notes, "A sample of bettors for the first half of the Major League Baseball season this year found the top 1 percent of players paid 40 percent of the entry fees but reaped 91 percent of the profits.

"The only way the daily fantasy sports model works is by attracting poor players – the 'fish' – to feed the good ones – the 'sharks.'

"These 'sharks' are experts," the report says, "designing and using sophisticated algorithms to take other people's money. The top high-volume sharks pay entry fees for hundreds of games, submit an array of lineups with differing choices – and extract lots of profits from the mass of bettors relying on chance – i.e., the fish. The real driver of growth and profit lies in finding as many new fish as possible. Without these fish, the model falls apart."

No matter what form organized gambling takes, the fish almost always get eaten by the sharks.

As the report concludes: "By targeting the least advantaged, government-sponsored gambling, whether in the form of lotteries, regional casinos or potentially (government-approved) online fantasy sports gambling, adds to the increasingly separate and unequal life patterns in education, marriage, work and play that now are dividing America into haves and have-nots."

So, why is the state of Maine on the predators' side of the ocean?

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