

Report warns of perils of fantasy sports, online gambling

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BOSTON - As the development of a state-run daily fantasy sports game and the potential regulation of the daily fantasy sports industry move forward on parallel tracks in Massachusetts, an anti-gambling organization headed up by a top aide to a former state senator warns that government sponsorship of internet gambling will contribute to rising inequality.

Stop Predatory Gambling, a Washington D.C.-based nonprofit whose aim is to end all government-sponsored gambling, on released a report this week critical of government regulation of casinos and state lotteries, and calling upon law enforcement to shutter sites like DraftKings and FanDuel.

"By almost any measure, government's regulation of gambling has been a spectacular failure and has contributed to rising unfairness and inequality in American life," Les Bernal, national director of Stop Predatory Gambling, said. "Only the uninformed and the willfully ignorant would suggest that government will promote internet gambling in a different, more ethical manner than its track record with lotteries and regional casinos demonstrates."

Bernal previously served as chief of staff for former Sen. Sue Tucker, herself a staunch opponent of expanded gambling in Massachusetts.

The latest intersection of government, the Internet and gambling came Monday, when the Massachusetts Lottery Commission took the first step towards its own daily fantasy sports offering and signaled it will issue a request for information to better understand the online fantasy sports industry and marketplace.

Lottery Executive Director Michael Sweeney said the daily fantasy sports industry is "the biggest challenge" facing the Lottery, citing the industry's use of technology, its appeal to younger players and the ease with which people can take part in games.

A daily fantasy sports offering, Sweeney said, "would help us to engage what we would refer to as a 'next-generation' player and hopefully it would also help Lottery to create a new revenue source as opposed to eroding or maintaining existing offers."

Bernal, a native of Lawrence, said the Massachusetts Lottery's foray into daily fantasy sports fits in with the broader pattern of state-sponsored gambling.

"Massachusetts, in terms of its state lottery, is by far one of the biggest predatory gambling states in the nation, so it is not surprising they're ahead of some other states when it comes to getting new ways to get citizens to lose their money," he said. "So this gimmick of online fantasy sports is a bridge to allow them to open up and market new forms of predatory gambling to an entirely new younger generation of citizens to get them hooked on gambling."

Through a spokesperson, Treasurer Deborah Goldberg declined to respond to Bernal's assertion about the Lottery, which she oversees.

On Thursday, the Massachusetts Gaming Commission will receive an update on the status of a white paper about daily fantasy sports as it continues to grapple with the question of what, if any, regulation should be imposed upon the fast-growing industry.

Stop Predatory Gambling's report warned that daily fantasy sports companies are targeting teenagers in an effort to build a consumer base of gamblers to whom they could later market more lucrative forms of gambling. The end goal for daily fantasy sports operators, Bernal said, is for internet gambling to be legalized at the federal level.

"Where the money is in gambling going forward, it's in getting it on the Internet, opening a casino and lottery retailer in every bedroom, dorm room and smartphone in a community," he said. "Younger people aren't going to brick and mortar casinos, they're not buying \$30 scratch tickets like they sell in Massachusetts. The future of predatory gambling in America lies in turning a whole new generation of young people into habitual gamblers."

Another component to that strategy, the SPG report suggests, is betting on video games competitions, or eSports. Last month, Boston-based DraftKings began offering daily fantasy eSports, in which users can draft teams of video game players in the League of Legends World Championship and other eSports organizations.

"Internet gambling is especially addictive for youth who have grown up playing video games," the report said. "By deceptively luring youth into online gambling, these sports gambling operators are setting up an entire generation of young people to become problem gamblers by making exploitive forms of gambling omnipresent in everyday life."

According to the Fantasy Sports Trade Association, there are 56.8 million people playing fantasy sports in the United States and Canada this year, including 18 percent of American teens and 30 percent of Canadian teens.

Despite the rising number of fantasy sports players Bernal said money, not a public desire, is guiding the shift toward state-run fantasy sports games.

"There is no citizens' movement demanding Internet gambling," he said. "This is being driven by very powerful financial interests and a handful of public officials looking to extract more money from citizens."