

Gaming Commissioner James McHugh: eSports is ‘lurking in the shadows’

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BOSTON – As they weigh what to do about online fantasy sports sites like DraftKings and FanDuel, state gambling regulators should also keep an eye on eSports betting, Massachusetts Gaming Commissioner James McHugh said Thursday.

Esports is “lurking in the shadows,” McHugh told his colleagues on the Gaming Commission.

Esports involves video game competitions, such as first-person shooters and online battles.

“But it’s not a mainstream audience,” McHugh said. “That’ll change next year.”

McHugh pointed to Twitch TV, owned by Amazon, and two colleges treating eSports as a varsity sport.

Turner Broadcasting Company plans to hold tournaments in 2016, he added.

“The trajectory of this new form of sports is far from clear,” McHugh wrote in a separate memo to fellow commissioners. “What is clear is the size of the audience it currently enjoys and the certainty that it is an area the Commission ought to watch carefully.”

The memo from McHugh, a former judge who is retiring from the Gaming Commission, was meant to give an overview of internet gaming as fantasy sports sites have drawn the attention of regulators and lawmakers in Nevada and Massachusetts.

The commission will continue to mull the topic.

A separate memo from a Gaming Commission staff attorney says the commission would need the state Legislature to hand it oversight of fantasy sports, since they cannot undertake that under current law. The legal status of fantasy sports is “in flux,” the staff attorney’s memo added.

Gaming Commissioner Gayle Cameron, a former New Jersey State Police trooper, said the consensus among regulators “around the world” is that fantasy sports should be regulated. She added that she believed that the new industry should not be allowed to self-regulate.

Gaming Commission chairman Stephen Crosby urged caution, saying too much regulation could kibosh the industry.

Two organizations, Stop Predatory Gambling and the Public Health Advocacy Institute at Northeastern University, weighed in with their own thoughts in a letter to the commission, arguing that daily fantasy sports (DFS) is in fact illegal under Massachusetts law.

“The commonwealth’s prohibition on all other gambling contains no exception for DFS enterprises, yet they are proliferating to the point of ubiquity in Massachusetts,” the two organizations wrote.

“The lack of any action to stop this illegal enterprise and either to tolerate it or wait until some future legislative action allows it sends the wrong message: that it is acceptable to engage in an illegal enterprise now and, if it generates enough revenue, wait until lobbyists and corporate interests change its legal status,” the organizations added.