

Ex-treasurer warns fantasy sports could have 'serious impact' on Mass. Lottery

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State House News Service

BOSTON -- As the Lottery continues to work towards developing its own state-run daily fantasy sports game, Treasurer Deborah Goldberg says its development and her thoughts on it have not been altered by the ever-evolving nature of the new industry and its uncertain future.

"I've said from the beginning that we're not attempting to create a fantasy sports site the way they are operating, but what I continue to see is that the market of the individuals who play those games is a new market for us," Goldberg told the News Service. "How do we take advantage, how do we create a product that would appeal to this cohort of players, because we need to be able to both maintain and grow lottery revenues, which of course are funds for every city and town."

Since the relatively new form of online sports wagering exploded into the public consciousness about three months ago, much of the debate has been over how to categorize sites like Boston-based DraftKings and FanDuel.

"I think even the definition of what these sites are is up for discussion, gambling versus skill," Goldberg said Tuesday.

When asked whether she thinks daily fantasy sports is gambling or a game of skill, Goldberg said, "I haven't studied it, I haven't played it."

One of Goldberg's predecessors, former Treasurer Tim Cahill, said Tuesday that the continued growth of the fantasy industry could spell trouble for the Lottery.

"It's more similar to the Lottery than a casino in the sense that you can get it anywhere and it's instant gratification," Cahill, who said he thinks it is "pretty obvious" that daily fantasy sports constitutes gambling, said during an appearance on Boston Herald Radio. "I think that if this continues to grow and it isn't stopped or regulated, it will definitely have a pretty serious impact -- not only on this lottery but probably lotteries all over the country."

Earlier this month, Goldberg and the Massachusetts Lottery announced that they would issue a request for information (RFI) to try to quickly better understand the online fantasy sports industry and marketplace in hopes of developing a similar game for the Lottery. Goldberg at the time compared the sudden growth of fantasy sports to a "tidal wave" and said it raised competitive concerns for the Lottery.

That RFI, a Goldberg aide said, has not yet been sent out.

Since that time, the attorney general in New York has moved to shutter daily fantasy sports operators, calling them illegal gambling operations. Massachusetts Attorney General Maura Healey has taken a different approach, proposing regulations to govern continued fantasy play, including a prohibition on players under the age of 21.

"If you read her recommendations, those are geared very specifically to these sites and the way in which they have operated in a very free manner, and building in consumer protections, building in things that our Lottery has done for over 40 years whether you're selling to minors, putting stopgaps," Goldberg said of Healey's proposed regulations.

Asked about Healey's proposal that the age restriction for playing daily fantasy sports be 21 and whether, given that the age restriction for most Lottery games is 18, that would be a hindrance for a Lottery-run fantasy sports offering, Goldberg said, "I think she is doing 21 for specifically those sites."

She added that any Lottery-run game "would be within the parameters of how we operate at Lottery."

Cahill said some of Healey's proposed regulations are "very thoughtful," but singled out her proposal to prohibit anyone under 21 from playing as being particularly problematic, especially since Lottery games are available to anyone 18 or older.

"I think the rationale is that we want to keep kids away from this because it's a highly addictive form of gambling, like the Lottery, like casinos, and there are age limits," he said. "But I can't see a 21 age limit holding up on this. You either have to move up the ages on the other kinds of gambling to level the playing field or you're going to have to at least go down to 18 here."

And as the Lottery focuses on drawing some players away from web-based games, Cahill said it is inevitable that the Lottery will have to move online to compete with DraftKings, FanDuel and other online games.

"There is no question the Lottery, eventually to survive, is going to have to go online," Cahill said. "I don't think the Lottery has to get into sports betting necessarily, I think that would

be a stretch, but there is no question that eventually they're going to have to go to mobile device."

Legislative leaders over the years have shown little interest in establishing online gambling policies.

Cahill, who served as treasurer from 2003 to 2011, said he discussed the intersection of the Lottery and Internet during his time at the Statehouse and knows that other treasurers have done the same. Even if there is widespread agreement that the Lottery must make games available online, he said, effectuating such a dramatic change would be a heavy lift.

"Doing it is going to be a challenge because you've got a bunch of dinosaurs in the Legislature who probably are trying to balance the whole thing about problem gambling, compulsive gambling, with getting revenue from gambling," Cahill said.

Anti-gambling forces are monitoring the Lottery's foray into fantasy sports.

Stop Predatory Gambling national director Les Bernal, a native of Lawrence, told the News Service this month that the Massachusetts Lottery's exploration of 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."