



March 4, 2019

Good afternoon Chairman Briese and members of the Committee, my name is Nate Grasz. I am the Policy Director for Nebraska Family Alliance and am here to express our opposition to LB137.

Season-long fantasy sports started as a hobby and a form of community. It was a social activity where the trophy and competition among friends mattered more than the money. Today, however, because of the introduction of Daily Fantasy Sports gambling, fantasy sports have become just another gambling scheme which plainly incorporates the three elements of gambling: consideration, prize, and chance.

Skill and chance are not mutually exclusive. The fact that an element of skill may be present does not negate the fact that users are still largely reliant on chance to win.

Bettors have no control over how the athletes perform, nor over other external factors that affect the outcome of player performance and exist independently of an athletes' ability or a user's supposed skill.

Daily Fantasy Sports contests restart constantly, last a day or only a few hours and typically are played against strangers over the internet.

An analysis from Bloomberg Businessweek found that the majority of daily fantasy sports customers lack the skill to ever have success and are relying largely on chance to earn their money back.¹

Casino operators, problem gambling treatment providers and even Fantasy Sports companies' themselves openly describe "Daily Fantasy Sports" as gambling.²

¹ Brunstien, Joshua. "You Aren't Good Enough to Win Money Playing Daily Fantasy Football." Bloomberg Business Week. Sep. 10, 2015.

² DraftKings CEO Jason Robins acknowledged his website was "almost identical to a casino" in an online discussion on Reddit a few years ago. MGM Casinos Chairman Jim Murren said those who argue that daily fantasy games are not gambling are "absolutely, utterly wrong. I don't know how to run a football team, but I do know how to run a casino, and this is gambling." Sheldon Adelson, CEO of Las Vegas Sands and one of the most prominent executives in the gambling world, unequivocally stated that "daily fantasy sports is gambling. There is no question about it.

However, questions surrounding the legality of fantasy sports contests or how the state should seek to regulate them have been answered by the United States Department of Justice.

In January of this year, the US Justice Department issued an opinion to re-strengthen the Federal Wire Act, which prohibits the use of wire communications, including the internet, to send bets, information assisting in placing bets, or money or credit resulting from those bets internationally or between states.³

This new opinion reverses a previous 2011 opinion which overturned fifty years of law by reinterpreting the Wire Act to allow states to run internet gambling operations.

The Department of Justice is re-instating the original interpretation of the Wire Act to prohibit all forms of online interstate gambling, including fantasy sports.

Department of Justice attorneys have been instructed to refrain from applying the new guidance until mid-June to allow businesses to bring their operations into compliance. LB137 stands in direct conflict to what the Department of Justice has said and would likely entangle the state of Nebraska in time consuming and costly litigation.

Lastly, part of the stated intent of this bill is to generate revenue for the state, but the fiscal note provided by the Department of Revenue concludes that LB137 would result in the state losing money.

For these reasons the committee should not vote to advance LB137. Thank you.

DraftKings and FanDuel are running full-blown online sports gambling operations in some states while presenting themselves as “fantasy sports” companies in other states to gain approval.

Forces internet gambling into every home, every dorm room and onto every smart phone in a massive state-sanctioned expansion of commercialized gambling.

Fantasy sports is dying, the money isn't in DFS anymore, it's in commercialized sports betting which is where these companies are headed and you can see that for yourself in the states that already have that such as New Jersey, New Hampshire and Pennsylvania.

Commercialized Online Gambling Severely Harms Children. It normalizes gambling, exposes youth to more gambling, and consequently increases gambling losses and addiction.

According to a major report from the UK, online gambling operators make more than half of their profits from at risk and problem gamblers.

³ MEMORANDUM OPINION FOR THE ACTING ASSISTANT ATTORNEY GENERAL CRIMINAL DIVISION. “Reconsidering Whether the Wire Act Applies to Non-Sports Gambling.” Nov. 2, 2018, released publically January 2019.