

HISTORY OF SPORTS WAGERING

- Wagering on sports has a long history in Ancient Greece.



HISTORY OF SPORTS WAGERING

- At its height, Rome was a popular sport and a popular way to pass the time.



HISTORY OF SPORTS WAGERING

- Romans also provided us with the first known wagering laws.
- Wagering on things other than sports and race went through periods of prohibition and permissiveness.
- At all times, wagering on races and athletic contests appear to have been permitted and governed.

HISTORY OF SPORTS WAGERING

- As the Roman Republic and Empire spread, so did the Roman past times of racing and athletic combat as well as wagering on such activities.

7

HISTORY OF SPORTS WAGERING

- An inscription on the mosaic of an African bath house says of a favorite horse: "Vincas, non vincas, te amamus, Polydoxe!": Win or lose we love you Polydoxes!



8

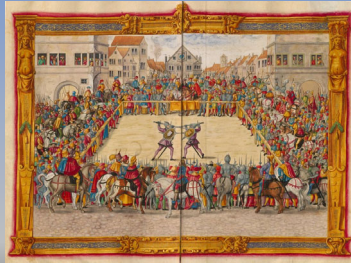
HISTORY OF SPORTS WAGERING

- Sports wagering continued to flourish through varying degrees of legality and illegality throughout the Roman world.

9

HISTORY OF SPORTS WAGERING

- Gambling in the middle ages was divided in part by economic class. The rich indulged in wagering on horse racing, cock fighting or other blood sports, while the poor often engaged in dice games.



HISTORY OF SPORTS WAGERING

- In 1190 kings Richard of England and Phillip of France of the crusades found it necessary to have a law drawn up settling just who could and who could not gamble, and for how much.



HISTORY OF SPORTS WAGERING

KrwH#dfLj #z dv#d#rsxdu#z djhulj #sru#in#v#
arqj #adv#lwul #hfrugv#kh#v#h# #krwhv# | #p hq1

KrwH#dfLj #z dv#v#hg#x#p suryh#eargv#fn#lqg#
z djhulj #rq#dfLj #z dv#frp p rq#s#f#h#q#ghduj #l#
fxoxhvl

HISTORY OF SPORTS WAGERING

Iq#kch# 9wk#fhgæul/Æ h#hnh#
wch#lūw#shvhuynq#
hybqghh#:#rj dgjhg#
krvth#df lqj #dgg# djhulj #
lq# thdw#lūdlqj

Nlqj #djp hv#Y #:#f#rwdgg#
lvp hqwkqhg#lwhgg lqj #dgg#
z djhulj #qtdfhw#gkch#
Vdggv#dw#hūk#qj# 8371



13

HISTORY OF SPORTS WAGERING



Iq#kch# lq# :wk#fhgæul/Æ d/nu#
Furp z hq#lqg#agghshgghq#
Sxūdg#rvh#r#rz hūq#kch#
Xqlng#lqjgrp 1

Gxūlj #rp z hūdg#p hv#krvth#
ūf lqj #dgg# djhulj # hūh#
vxsūhvng#lv#gqj hūxv#
dvūp edv1

14

HISTORY OF SPORTS WAGERING

Gxūlj #kch#hlg#:#F kōūv#l#ūdf lqj #
dgg#ūdfh# djhulj #p dgh#l#hūuq#r#
Eulū#:#r#f hūl

Dv#l#:#ulū#k#lūw#lqj#grng#kdw#pūlj #
wcl#k#p h#hūduj #ūf lqj #crn#kch#rp #:#
p dūkhv#g lūf#khdg#r#khdg#
f#p shūw#q# lū#q#h#z qhūp dūfclqj #
k#k#krvth#lqj dūw#lqj#khu#lqj dūbēd #
wch#z# dv#l# djhū#q#kch#xw#rp h#
dgg#lqj #p#p ehū#:#v#h#hūw#hūw#lqj #
z dv#lqj#hūdd# #kch#hūl #xūsrvh#:#
ūf lqj l



15

HISTORY OF SPORTS WAGERING



Ehwijj#g#kruv#dflbj#iv#kV#
 vP h#z dv#qrz q#iv#**match**
betting#agg#z dv#j hghuclaj#q0
 rujdqjhg#agg#z lkxov#hfrxv#h#
 w#errmp dnhu#j#

P hp ehuv# #kh#xede#z rxq#
 wvhn#hw#z lk#dck#wku#agg#
 hyng#ihu#ggv#

16

HORSE RACING

- Horse racing was originally a head-to-head event.



17

HORSE RACING

- Match betting is relatively simple



18

HORSE RACING

- Over time field racing became popular



19

HORSE RACING

- Field wagering is much more complex than match wagering



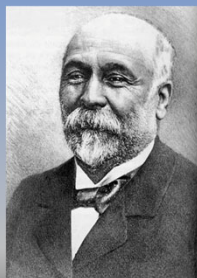
20

HORSE RACE WAGERING

Eq 4;9: / d F dndag jnyhgw/ MvhsK
R dnu/ ghyharsg d v/vwip w
jxdudgwh d surilwruernp dnhw1

Klv v/vwip srrdg zdjhaw dgg
uhfdxawhg rggv dv zdjhaw zhuh
salfhgl Wkh srrofrxag wdg surygh
d sdjp hgw w wkh wdfn ru
ernp dnhw/ wdg unuag wkh
thp dggghu dv suljiv w zbgghj
ehwruw1

Wkh v/vwip zdv fdag wkh -schd
p wachd zdjhutj v/vwip II.



21

HISTORY OF SPORTS WAGERING

Sdulp xshaz djlhltj p h#z lk#p lng#xeffhv#cp#kch#pyh#q# #kch#end#h#
erdug#kch#duj #<33v1

Wch#end#h#erdug#daz hg#hwhu#k#h#h#kch#xuhg#ggv#bgg#kch#kdqj h#gt#ggv#
dv# dj huv# h#h#dfhg1

Ig#<5 : /kch#lv#end#h#erdug#dv#qvd#dg#h#duj#v#q#Udfh#edfn#g#du#v1

22

HORSE RACING

- How it works

23

HORSE RACING

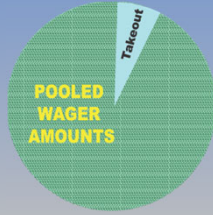
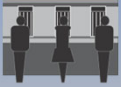


**POOLED
WAGER
AMOUNTS**

- How it works

24

HORSE RACING



• How it works

25

HORSE RACING

- In the beginning there were the horse owners & trainers, the track, the jockeys and the bettors



26

HORSE RACING

- Describe pari-mutuel wagering.

27

HORSE RACING

- Bets are placed by patrons at the track
- Bets are placed in a "pool"
- Betting odds changed with wagers in the pool
- The pool is divided among winners, less a take out for the tracks and participants

28

HORSE RACING

- What is a takeout?

29

HORSE RACING

- What is an OTB?

30

HORSE RACING

- What is comingling?

31

HORSE RACING

- What is breakage?

32

HORSE RACING

- What is a track fee?

33

HORSE RACING

- What is a totalizer?

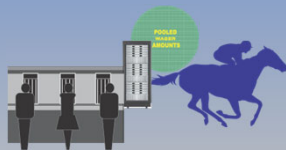
34

HORSE RACING

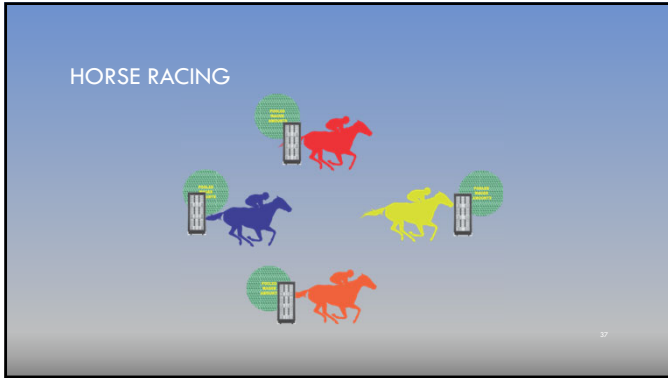
- What is a disseminator?

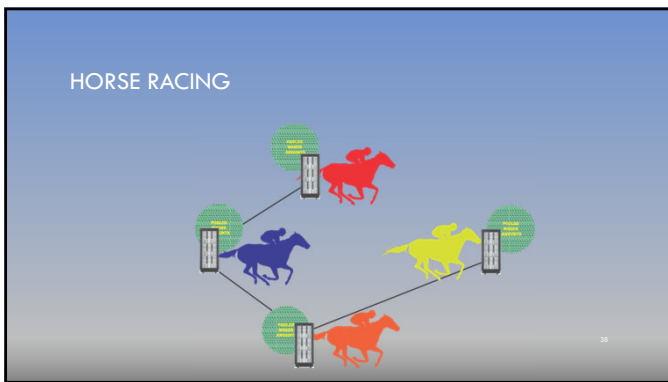
35

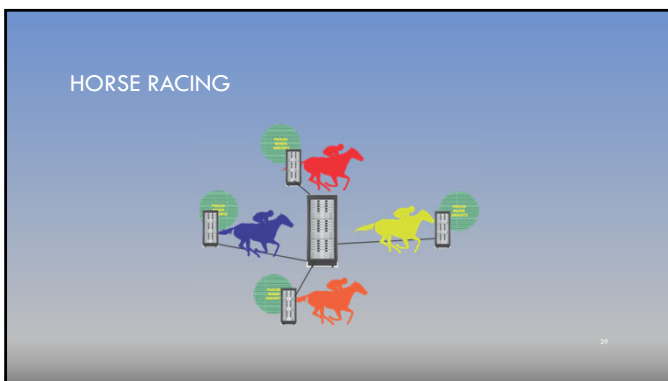
HORSE RACING

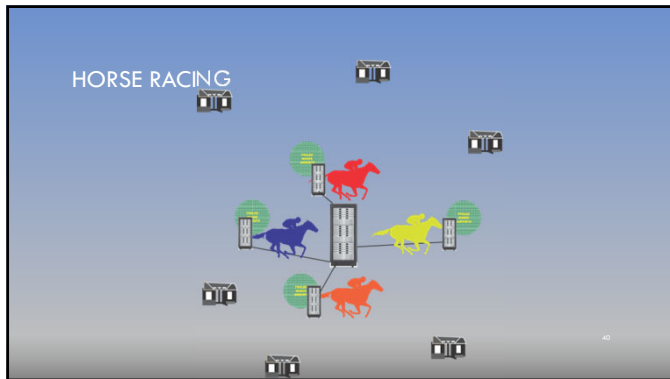


36









HORSE RACING

- The Interstate Horseracing Act

HORSE RACING

- The Interstate Horseracing Act
- History
 - Originally designed to protect tracks by making OTB's illegal
 - The fear was that OTB's would put small tracks out of business by denying them the attendance that kept them afloat.

HORSE RACING

- The Interstate Horseracing Act
- History
 - During the legislative process the focus moved from prohibiting interstate horse racing wagers to a system of consents and revenue sharing

43

HORSE RACING

- The Interstate Horseracing Act
- The operative sections
- 15 U.S.C. § 3002. Definitions - ...
 - (3) "interstate off-track wager" means a legal wager placed or accepted in one State with respect to the outcome of a horserace taking place in another State and includes pari-mutuel wagers, where lawful in each State involved, placed or transmitted by an individual in one State via telephone or other electronic media and accepted by an off-track betting system in the same or another State, as well as the combination of any pari-mutuel wagering pools;

44

HORSE RACING

- The Interstate Horseracing Act
- The operative sections:
- 15 U.S.C. § 3003. Acceptance of interstate off-track wager
 - No person may accept an interstate off-track wager except as provided in this chapter.
- 15 U.S.C. § 3004. Regulation of interstate off-track wagering
 - (a) Consent of host racing association, host racing commission, and off-track racing commission as prerequisite to acceptance of wager.
 - An interstate off-track wager may be accepted by an off-track betting system only if consent is obtained from—
 - (1) the host racing association, except that—

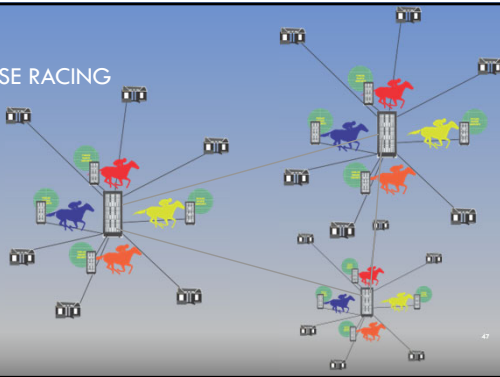
45

HORSE RACING

- The Interstate Horseracing Act
 - The operative sections:
- 15 U.S.C. § 3004. Regulation of interstate off-track wagering
 - (b) Approval of tracks as prerequisite to acceptance of wager; exceptions
 - (1) In addition to the requirement of subsection (a) of this section, any off-track betting office shall obtain the approval of—
 - (A) all currently operating tracks within 60 miles of such off-track betting office; and
 - (B) if there are no currently operating tracks within 60 miles then the closest currently operating track in an adjoining State.

46

HORSE RACING



47

HORSE RACING

- The Interstate Horseracing Act
 - The Turfway Opinion
 - Facts

HORSE RACING

- The Interstate Horseracing Act

- The Turfway Opinion

- Facts

- Contract between Turfway and Horsemen expires
 - Horsemen want a bigger portion of the takeout for purses
 - Horsemen refuse consent for interstate off-track wagering on Turfway races
 - Turfway sought content directly from horse owners by inserting language into entry form

HORSE RACING

- The Interstate Horseracing Act

- The Turfway Opinion

- Facts

- Horsemen seek to enjoin interstate wagering on Turfway races
 - Turfway counters with anti-trust defense and that the IHRA is unconstitutional
 - (unlawful restraint on competition)

HORSE RACING

- The Interstate Horseracing Act

- The Turfway Opinion

- Facts – District Court

- Found the Act to be an invalid restriction on commercial speech as well as being vague and irrational
 - The simulcast was commercial speech in that it is like an implied advertisement

HORSE RACING

- The Interstate Horseracing Act
 - The Turfway Opinion – Court of Appeals
 - Does the Act regulate commercial speech?

HORSE RACING

- The Interstate Horseracing Act
 - The Turfway Opinion – Court of Appeals
 - Does the Act regulate commercial speech?
 - No – The act regulates wagering not simulcasting.

HORSE RACING

- The Interstate Horseracing Act
 - The Turfway Opinion – Court of Appeals
 - Is the Act unconstitutionally vague?

HORSE RACING

- The Interstate Horseracing Act

- The Turfway Opinion – Court of Appeals

- Is the Act unconstitutionally irrational?

- The court held that the Act is rationally related to advancing Congress' legitimate federal interest in withdrawing the government's role from the horse racing industry. The government, more than any other affected group, has a substantial interest in maintaining the balance that Congress sought to achieve. The government would be additional costs that off-track wagering provides while protecting the horse racing industry. It is the interest that not prevent the horse racing from using that interest power in an industry as regulated market. The government interest that did not nearly outweigh the private interests.

HORSE RACING

- The Interstate Horseracing Act

- The DOJ

29

HORSE RACING

- The Interstate Horseracing Act

- The DOJ

- The Department of Justice notes that S. 692 may incorrectly imply that the Interstate Horse Racing Act of 1978, 15 U.S.C. § 3001 et seq., allows for the legal transmission and receipt of interstate parimutuel bets or wagers. The Interstate Horse Racing Act does not allow for such gambling, and if a parimutuel wagering business currently transmits or receives interstate bets or wagers (as opposed to intrastate bets and wagers on the outcome of a race occurring in another state), it is violating federal gambling laws.

- – Letter to Senator Leahy June 9, 1999

40

HORSE RACING

- The Interstate Horseracing Act
- The DOJ
 - The Department of Justice views the existing criminal statutes as prohibiting the interstate transmission of bets or wagers, including wagers on horse races. The Department is currently undertaking a civil investigation relating to a potential violation of law regarding this activity. We have previously stated that we do not believe that the Interstate Horse Racing Act, 15 U.S.C. §§ 3001-3007, amended the existing criminal statutes.
 - — U.S. House of Representative Testimony April 5, 2006

61

HORSE RACING

- 18 USC 1084
- (a) Whoever being engaged in the business of betting or wagering knowingly uses a wire communication facility for the transmission in interstate or foreign commerce of bets or wagers or information assisting in the placing of bets or wagers on any sporting event or contest, or for the transmission of a wire communication which entitles the recipient to receive money or credit as a result of bets or wagers, or for information existing in the placing of bets or wagers shall be fined under this title or imprisoned not more than two years, or both.
- (b) Nothing in this section shall be construed to prevent the transmission in interstate or foreign commerce of information for use in news reporting of sporting events or contests, or for the transmission of information assisting in the placing of bets or wagers on a sporting event or contest from a State or foreign country where betting on that sporting event or contest is legal into a State or foreign country in which such betting is legal.
- 15 U.S.C. § 3002. Definitions -
 - (3) "interstate off-track wager" means a legal wager placed or accepted in one State with respect to the outcome of a horse race taking place in another State and includes pari-mutuel wagers, where lawful in each State involved, placed or transmitted by an individual in one State via telephone or other electronic media and accepted by an off-track betting system in the same or another State, as well as the combination of any pari-mutuel wagering pools;

62

TECHNOLOGICAL INNOVATION

- <http://www.kentuckydowns.com/historical-horse-racing/what-is-historical-horse-racing/>
- <https://www.youtube.com/watch?v=wFJxYDXN6w>
- <https://youtu.be/WCp9kpsWWnQ>
- <https://www.youtube.com/watch?v=AB8OzBVU7OI>
- <https://www.youtube.com/watch?v=K2qy8m0P7tc>

63

TECHNOLOGY INNOVATION

- Instant Racing
- <https://www.youtube.com/watch?v=MrUQkyNOubw>
- https://www.youtube.com/watch?v=3B_Q2LRHdd4

64

TECHNOLOGICAL INNOVATION

- https://s3-us-west-2.amazonaws.com/bspot-vids/bspot_explainer.mp4
- <https://www.bspot.com>

65

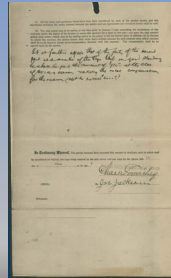
HISTORY OF SPORTS WAGERING

P h d q z k l h / # i j # k l m ; 3 3 v # i j h z # j d p h #
 l j # p h u l f d i e d v # j u r z l j # i j # r s x d i u l 1
 B d v h e d a k d v # e h f r p l j # i j # d k q d # d v #
 v p h i e # i j d # a n u h i d f l j 1
 M o w # i v e l k # k u t # d f l j / # d j h u l j # q #
 e d v h e d a k d v # i j # q f r p p r q l



66

HISTORY OF SPORTS WAGERING



HISTORY OF SPORTS WAGERING



HISTORY OF SPORTS WAGERING



HISTORY OF SPORTS WAGERING

P h d g z k l h / p d g j [# x k h # d i n v # h h # x l f n # x # u k l h # s r u w # d j h u h j # g g # r r n p d n h j]

Pennsylvania Title 18 § 5514. Pool selling and bookmaking.

A person is guilty of a misdemeanor of the first degree if he:

- (1) engages in pool selling or bookmaking;
- (2) occupies any place for the purpose of receiving, recording or registering bets or wagers, or of selling pools;
- (3) receives, records, registers, forwards, or purports or pretends to forward, to another, any bet or wager upon the result of any political nomination, appointment or election, or upon any contest of any nature;
- (4) becomes the custodian or depository, for gain or ward, of any property at stake, wagered or pledged, or to be

73

HISTORY OF SPORTS WAGERING

Florida - Chapter : 849.25 "Bookmaking" defined; penalties; exceptions. --

(7544) The term "bookmaking" means the act of taking or receiving, while engaged in the business or profession of gambling, any bet or wager upon the result of any trial or contest of skill, speed, power, or endurance of human, beast, fowl, motor vehicle, or mechanical apparatus or upon the result of any chance, casualty, unknown, or contingent event whatsoever.

(b) The following factors shall be considered in making a determination that a person has engaged in the offense of bookmaking:

1. Taking advantage of betting odds created to produce a profit for the bookmaker or charging a percentage on accepted wagers.
2. Placing all or part of accepted wagers with other bookmakers to reduce the chance of financial loss.
3. Taking or receiving more than five wagers in any single day.
4. Taking or receiving wagers totaling more than \$300 in any single day, or more than \$1,000 in any single week.
5. Engaging in a common scheme with two or more persons to take or receive wagers.
6. Taking or receiving wagers on both sides as a corner at the identical point spread.
7. Any other factor relevant to establishing that the operating procedures of such person are commercial in nature.

(c) The existence of any two factors listed in paragraph (b) may constitute prima facie evidence of a commercial bookmaking operation.

74

(2) Any person who engages in bookmaking shall be guilty of a felony of the third degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084. Notwithstanding the provisions of s. 775.082, any person convicted

PASPA

"§ 3702. Unlawful sports gambling

"It shall be unlawful for—
 "(1) a governmental entity to sponsor, operate, advertise, promote, license, or authorize by law or compact, or
 "(2) a person to sponsor, operate, advertise, or promote, pursuant to the law or compact of a governmental entity, a lottery, sweepstakes, or other betting, gambling, or wagering scheme based, directly or indirectly (through the use of geographical references or otherwise), on one or more competitive games in which amateur or professional athletes participate, or are intended to participate, or on one or more performances of such athletes in such games.

75

PASPA

- Professional and Amateur Sports Protection Act

PASPA



SPORTS ACTION BEAT THE SPREAD
WIN CASH
CELEBRATE LIKE CRAZY

HOME HOW TO PLAY RESULTS SCHEDULE RULES PROGRAM

HOW TO PLAY

WHAT IS SPORTS ACTION?™

Sports Action is the game where you try to beat the point spreads of pro football games. Make your picks from the Sports Action Official Program, published weekly, that lists the teams playing and point spreads.

GET CASH QUICKER

You can claim winning 3 of 3 and 4 of 4 Sports Action prizes the next day after the final event on your ticket has been played! All pari-mutuel prizes can be claimed beginning at 5 AM on Tuesday. Sales for each week's games begin on Tuesdays at 5 AM.

Read the Official Sports Action Program for a list of this week's Sports Action Events and Point Spreads. Along with this week's games, the Official Program lets you know:

- Which team is the Favorite and which one is the Underdog

PASPA

- Senator Deconcini of Arizona introduced the Professional and Amateur Sports Protection Act (the "Act") because of the impending threat of state-sponsored sports lotteries.
- Because of the threat posed by state lotteries, the bill focused on state-sponsored sports wagering.
- According to Senator Deconcini, the "bill serves an important public purpose, to stop the spread of state-sponsored sports gambling.

PASPA

- Senator Bill Bradley also championed the bill because he believed that state sponsored puts the "imprimatur of the state on the activity" by creating the perception that sports gambling is ok.

PASPA

- Sec. 3702. Unlawful sports gambling
- It shall be unlawful for -
- (1) a governmental entity to sponsor, operate, advertise, promote, license, or authorize by law or compact, or
- (2) a person to sponsor, operate, advertise, or promote, pursuant to the law or compact of a governmental entity, a lottery, sweepstakes, or other betting, ~~gambling, or wagering scheme~~ based, directly or indirectly (through the use of geographical references or otherwise), on one or more competitive games in which amateur or professional athletes participate, or are intended to participate, or on one or more performances of such athletes in such games.

PASPA

- Sec. 3704. Applicability
 - Section 3702 shall not apply to -
 - (1) a lottery, sweepstakes, or other betting, gambling, or wagering scheme in operation in a State or other governmental entity, to the extent that the scheme was conducted by that State or other governmental entity at any time during the period beginning January 1, 1976, and ending August 31, 1990;

PASPA

• Sec. 3704. Applicability

- Section 3702 shall not apply to -

- (1) a lottery, sweepstakes, or other betting, gambling, or wagering scheme in operation in a State or other governmental entity, to the extent that the scheme was conducted by that State or other governmental entity at any time during the period beginning January 1, 1976, and ending August 31, 1990;

PASPA

• Sec. 3704. Applicability

- Section 3702 shall not apply to -

- (2) a lottery, sweepstakes, or other betting, gambling, or wagering scheme in operation in a State or other governmental entity where both -
 - (A) such scheme was authorized by a statute as in effect on October 2, 1991; and
 - (B) a scheme described in section 3702 (other than one based on parimutuel animal racing or jai-alai games) actually was conducted in that State or other governmental entity at any time during the period beginning September 1, 1989, and ending October 2, 1991, pursuant to the law of that State or other governmental entity;

PASPA

• Sec. 3704. Applicability

- Section 3702 shall not apply to -

- (3) a betting, gambling, or wagering scheme, other than a lottery described in paragraph (1), conducted exclusively in casinos located in a municipality, but only to the extent that -
 - (A) such scheme or a similar scheme was authorized, not later than one year after the effective date of this chapter, to be operated in that municipality; and
 - (B) any commercial casino gaming scheme was in operation in such municipality throughout the 10-year period ending on such effective date pursuant to a comprehensive system of State regulation authorized by that State's constitution and applicable solely to such municipality; or
- (4) parimutuel animal racing or jai-alai games.

https://youtu.be/f9_WK5ld_A4

PASPA

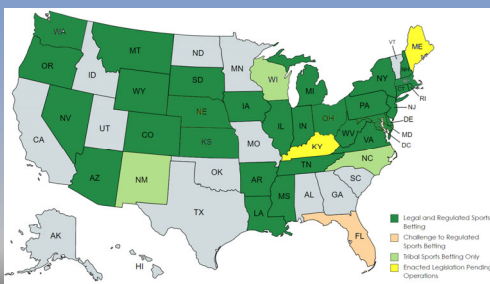
• States that fall within the exemption:

- Nevada
- Delaware
- Montana
- Oregon

PASPA



POST - PASPA



POST - PASPA

- <https://www.legalsportsreport.com/sports-betting/revenue/>

28

FEDERAL WIRE ACT

- Part of the 1961 legislative package designed to cut off activities that financially sustained organized crime and to help states enforce their gambling laws.

29

FEDERAL WIRE ACT

- 18 USC §1084
 - (a) Whoever being engaged in the business of betting or wagering knowingly uses a wire communication facility for the transmission in interstate or foreign commerce of bets or wagers or information assisting in the placing of bets or wagers on any sporting event or contest, or for the transmission of a wire communication which entitles the recipient to receive money or credit as a result of bets or wagers, or for information assisting in the placing of bets or wagers, shall be fined under this title or imprisoned not more than two years, or both.

30

ILLEGAL GAMBLING BUSINESS ACT

- 18 U.S.C. §1955 the Statute
- (a) Whoever conducts, finances, manages, supervises, directs, or owns all or part of an illegal gambling business shall be fined under this title or imprisoned not more than five years, or both

91

ILLEGAL GAMBLING BUSINESS ACT

- 18 U.S.C. §1955 the Statute
- (b) As used in this section—
 - (1) "illegal gambling business" means a gambling business which—
 - (i) is a violation of the law of a State or political subdivision in which it is conducted;
 - (ii) involves five or more persons who conduct, finance, manage, supervise, direct, or own all or part of such business; and
 - (iii) has been or remains in substantially continuous operation for a period in excess of thirty days or has a gross revenue of \$2,000 in any single day.

92

ILLEGAL GAMBLING BUSINESS ACT

- 18 U.S.C. §1955 the Statute
- (b) As used in this section—
 - (1) "illegal gambling business" means a gambling business which—
 - (i) is a violation of the law of a State or political subdivision in which it is conducted;
 - (ii) involves five or more persons who conduct, finance, manage, supervise, direct, or own all or part of such business; and
 - (iii) has been or remains in substantially continuous operation for a period in excess of thirty days or has a gross revenue of \$2,000 in any single day.

93

QUESTIONS/DISCUSSION

Questions/Discussion
