

January 22, 2016

Dear Committee,

Thank you for the opportunity to submit this letter regarding the consumer protection regulations governing daily fantasy sports (DFS) operators, proposed by the Massachusetts Attorney General's Office.

By way of background, I am a gambling researcher and director of the Center for Gambling Studies at Rutgers University. Last year, I collaborated with the Massachusetts Gaming Commission on development of the gaming regulations. Our Center is also tasked with annual evaluation of Internet gaming data for the State of New Jersey.

I have reviewed the proposed regulations and, overall, feel they provide a good balance between harm reduction/informed choice and private enterprise. I would like to raise a few points for consideration.

First, it is prudent to establish the age of initiation at 21 years, and I would resist efforts to reduce the age limit to 18. It is well established that rates of problem gambling peak between age 18 and 21, and that those who develop gambling problems at a younger age are more likely to be problem gamblers as adults. For example, a recent meta-analysis of studies published between 2005 and 2013 of 13,000 college students reported that 10.23% met diagnostic criteria for gambling disorder (Nowak & Aloe, 2014, attached). Those estimates are significantly higher than findings in two prior meta-analyses (Blinn-Pike, Lokken Worthy, & Jonkman, 2007; Shaffer, Hall, & Vander Bilt, 1999), and five times the current rate of gambling disorder in adults. Whether the increase is due to the recent proliferation of gambling activities that were unavailable 20 years ago or to some other factor is unknown. However, it suggests that limiting access to gambling opportunities during a period of heightened risk-taking may reduce harm and facilitate more informed choices in young adults.

I would also like to commend the AG's Office for including 34.10(5), which allows third parties who are dependent on players or legally obligated for debts of a player be allowed to petition for exclusion. As you know, there is currently no consumer protection afforded to spouses of problem gamblers with joint bank or credit card accounts, and excessive debt has a serious negative effect on families and children. This provision would afford some protection for individuals who are affected by excessive play expenditures.

In my opinion, the provisions of 34.06(2) are too vague, leaving operators to determine what is "commercially and technologically reasonable." Rather, players should be required to register to play using name, DOB, SSN, and physical address; some form of geo-fencing should be utilized to ensure that regulations are uniformly applied across players whose cellphones, IP addresses and/or Wi-Fi locations are in Massachusetts.

As we have learned in New Jersey, unless the parameters for limit-setting mechanisms are expressly specified by regulation, few players will know of or utilize those mechanisms. In

our 2015 report to Governor Christie regarding harm reduction for Internet gaming (<http://www.nj.gov/oag/ge/2015news/ResponsibleGamingFinalReport%202015.pdf>) we found that only about 1% of account holders access limit-setting features, likely because information on limits is difficult to access. Our recommendation, which we would reiterate here, was to incorporate responsible gambling features into the account sign-up process, such that players would select their limits in each area prior to initiating play. Ideally, there would be limit-setting for losses, deposits, and time, as well as the option for a 72-hour cooling-off period and self-exclusion, 34.10(2). Responsible gaming features should be clearly branded so players could go at any time to the RG section to revisit their limits. Increases in limit-setting should take effect immediately but decreases should take effect only after a 24-hour period to avoid impulsive decision-making in the heat of play or chasing losses.

Section 34.10(6) caps the monthly deposit limit at \$1,000. This would mean that, theoretically, a player could lose \$12,000 a year. Given that the median income in the State of Massachusetts in 2014 was about \$68,000, that limit could constitute a disproportionate amount of money for recreational gaming. I would advocate lowering the cap to \$500/month. Irrespective of cap amount, however, the regulations should strike the provision that allows for the temporary or permanent increases in the deposit limit; that phrase essentially nullifies the limit requirement, which is an important harm reduction mechanism.

I am curious about the contests lock, mentioned in Section 34.12(9). The provision fails to specify whether the lock must occur at the start time of the first eligible game on which the contest is built or how DFSOs are to handle last minute scratches like those that commonly occur in the NBA. A bit more specificity in this area could be warranted.

Finally, DFS is an area that has engendered much controversy in recent months, and little is known about the nature and extent of play nor the relationship of play to the development of gambling problems. Similar to requirements in New Jersey for Internet gaming, I believe it is important for DFS regulations to include a provision that DFSOs will fund annual independent research reports, prepared by a gambling researcher selected by the State, to evaluate losses and problematic patterns of play as well as the effectiveness of harm reduction strategies on fostering limit-setting and informed choice.

Please feel free to contact me if I can be of further service.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Lia Nower', with a long horizontal flourish extending to the right.

Lia Nower, J.D., Ph.D.
Professor and Director,
Center for Gambling Studies