

Good morning. I'm Sarah Koch, Assistant Director of Government Affairs at DraftKings, a Boston-based fantasy sports company with more than 100,000 players in Connecticut.

I first want to thank Co-Chairs Verrengia, Guglielmo and Larson, and the Joint Public Safety Committee for hosting this forum today. DraftKings appreciates the opportunity to participate and draw on our experience as a regulated online and app-driven sports entertainment product, and speak to the benefit of incorporating a mobile component in the state's sports betting legislation.

DraftKings was launched in 2012 with the goal of bringing sports fans closer to the games they love. Since 2012, we have experienced rapid growth, driven in large part by our mobile platform. Now more than nine million customers globally play fantasy sports on DraftKings.

Since our inception 19 states, including Connecticut, have passed legislation to confirm the legality of fantasy sports and protect fantasy sports players with common-sense regulations.

And while fantasy sports and sports betting are wholly different activities, the smart, modern regulations Connecticut and many other states have applied successfully to fantasy sports can be a roadmap for the strong, safe regulation of online sports betting.

For example, the online age verification process used by fantasy operators is more comprehensive than in-person verification used in casinos. At DraftKings, we use "know your customer" technology to ensure underage players are not able to deposit money and play on our site.

Other consumer protections such as allowing customers to set their own deposit and play limits and to self-exclude from participation are easily applied online, where users must log into an account in order to play. Further, by tracking consumer information digitally and applying specialized algorithms, online operators can identify and flag potentially problematic betting behavior more quickly.

Additionally, while fantasy sports present effectively no integrity or malfeasances issues, sports betting does come with challenges and betting markets must be tightly monitored. Online betting provides for real-time data which can be instantly analyzed to look for suspicious betting patterns. The online model in Europe has shown that aggressive integrity monitoring is most effective when bets are made online as opposed to in-person and cash-based transactions.

The reality is that online sports betting is happening now, and at a significant level, right here in Connecticut. The internet has led the growth of an abundant black market, centered on offshore websites. According to reports by the American Gaming Association and a study by Ernst and Young, more than 750,000 Connecticut residents are currently betting on sports illegally to the tune of more than \$1.5 billion in bets per year, nearly all online. Gaming industry experts Eilers and Krejcik project that if legalized sports betting is offered only at Connecticut's casinos— with no online options — the illegal market would continue to thrive and more than half a million Connecticut residents would simply continue betting online with offshore sites.

If Connecticut wants to eliminate the thriving offshore sports betting market, the state should consider allowing online sports betting. Not only would online options help end the black market, the state would see greater benefit. According to Oxford Economics, including online sports betting would more than double the estimated gross gaming revenue in the state from \$130 million for casino-only betting, to almost \$300 million by adding online options.

As Connecticut continues to explore a legal and regulated sports betting system for the state, DraftKings is happy to share its experience as a regulated online and mobile platform with the members of the committee, the legislature and administration.

Thank you, and I am happy to answer any questions.