



**Testimony of Jason Robins, co-founder & CEO (as prepared for delivery)
Economic Development & Emerging Technologies Committee
May 28, 2019**

Chairman Lesser and Chairwoman Ferrante, members of the Committee, thank you for allowing me to testify today on behalf of DraftKings.

My name is Jason Robins and I am a co-founder and the CEO of DraftKings. I've submitted my full testimony for your review, which goes into greater detail on our experience as a sports betting operator, particularly in New Jersey, the importance of creating an open, competitive mobile market, and the best framework for Massachusetts to protect consumers and game integrity and generate economic opportunity beyond tax revenue.

DraftKings was founded seven years ago on Maple Street in Watertown, in the spare bedroom of my co-founder Paul Liberman's apartment. Paul and I, and our third co-founder, Matt Kalish, shared a passion for sports, stats and entrepreneurship.

Neither myself, Paul or Matt came from money. Among our parents, there were teachers, hairdressers and a corrections officer. Matt's parents both served in the Navy.

When we quit our day jobs, the success of DraftKings was far from a guarantee. We were on our own.

One of the most important and impactful early decisions we had to make was whether to remain in Massachusetts or relocate to Silicon Valley, as several investors and industry experts strongly pushed us to do.

We said no to Silicon Valley. We believed then as we do now that there is no better place in the world for an innovation company to be than the Commonwealth. What we quickly came to realize is that one of the most important advantages to being a tech company here is something that doesn't exist in every state- a collaborative and constructive approach to crafting public policy to support startups and the innovation economy.

All startups face early growing pains. DraftKings was no different. Quite frankly, we were not prepared for the onslaught of scrutiny and skepticism we faced several years ago. We were a young, small company intently focused on our growth, our customers and our competition. In many states, we faced outright hostility and were given little opportunity to explain our company, business or industry before finding ourselves on the defensive.

Massachusetts was, thankfully, different. Yes, there were hard questions and tough conversations. In the moment, it was very difficult. It was humbling. But it was also constructive. And it was a turning point in the national discussion about daily fantasy sports. What it demonstrated to us is that, yes, we



THE GAME INSIDE THE GAME.

made a commitment to Massachusetts but you also made a commitment to DraftKings and our employees.

And so, in large part thanks to this legislature, what started in that spare bedroom in Watertown has grown to an internationally known sports tech company with more than 12 million customers. We recently launched a new state-of-the-art 105,000 square foot headquarters in the Back Bay. We have grown to around 600 employees in Massachusetts, drawn from 103 different cities and towns. And we are absolutely poised to grow more with the legalization of sports betting in the Commonwealth.

A little more than a year ago, the Supreme Court gave states the right to legalize and regulate sports betting. Just 79 days later, DraftKings became the first mobile sports betting operator to launch in New Jersey. Since that time, DraftKings has processed more than 17 million bets and paid out more than \$525 million to winning bettors. DraftKings' mobile platform alone has accounted for 30% of the total tax revenue generated by sports betting in New Jersey.

There is tremendous consumer demand in Massachusetts for sports betting. One study estimates that every year, Massachusetts residents illegally wager \$3.2 billion. DraftKings, as both a local company committed to growing in the Commonwealth, and one of the nation's leading sports betting companies, can offer some unique insights on how the best legal sports betting framework for Massachusetts.

We would encourage you to focus on three main points:

First, replacing this illegal market with a safe, legal sports betting market should be a primary objective. Massachusetts residents are already betting on sports through offshore sites that are not regulated, pay no taxes, generate no jobs, and most importantly, offer no consumer protections. The single best way to stamp out the illegal betting market—and increase tax revenue and the broader economic opportunity—is to authorize a competitive, legal mobile sports wagering market.

All the available evidence shows that mobile sports wagering is the key component in bringing consumers into a legal market and stamping out illegal offshore options. In New Jersey, the revenue numbers demonstrate the power of a competitive and mobile sports betting market. Even with eleven retail sports betting locations across the state, mobile wagering represents 80% of the money bet in the state.

New Jersey's sports wagering revenues stand out as a success story. By contrast, other states that are have limited sports betting exclusively to retail locations—without competitive mobile betting options—are falling far below expected revenue and tax projections. The undeniable takeaway is that consumers, who can do virtually everything on their phones, expect and demand to same mobile experience when it comes to sports betting.

And why shouldn't they when there are dozens of illegal sports betting apps available for download right now.



Second, the legal sports betting framework should carry forward Massachusetts' deep commitment to supporting innovation and tech companies like DraftKings by putting mobile operators on the same regulatory footing as brick-and-mortar betting outlets.

To fully realize the potential for mobile sports wagering, the legislation should allow mobile operators to receive licenses directly from the regulator rather than requiring partnership with land-based facilities, like casinos or racetracks.

A mobile-only license would enhance transparency and accountability. Regulators would be dealing with the mobile company directly, not indirectly through the prism of a casino licensee. DraftKings and our competitors should have a direct relationship with the regulator—and that means being directly accountable to the regulatory authority, the legislature, and ultimately, the residents of Massachusetts.

Third, we understand, appreciate and share the committee's focus on developing the best framework for Massachusetts. Getting it right is what's most important.

However, as CEO of DraftKings, I cannot lose sight of the fact that as more time goes by, we risk our full potential to expand here in Massachusetts.

The fact is delay will affect DraftKings' local growth. As other states legalize and launch sports betting, DraftKings will need to locate certain jobs outside of Massachusetts. These are near-term decisions we're facing right now.

But the economic impact of delay extends beyond DraftKings. It also impacts Massachusetts' ability to compete for additional jobs in the innovation economy. 21st century sports betting is a high-tech industry that touches on artificial intelligence, analytics, cybersecurity, data, machine learning, wearables, and virtual reality. These companies will not be able to begin here or grow here until sports betting is passed.

In summary, the paramount goal of comprehensive sports betting legislation should be eliminating the illegal market and capturing as much of that activity on legal, regulated, and economically beneficial platforms as possible. An open, competitive legal mobile sports betting market that permits real competition among experienced operators is the best way to stamp out the illegal market, protect consumers, generate tax revenue and continue job growth for the benefit of all Massachusetts residents.

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