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New AGA Report Shows Americans Gamble More Than Half a Trillion Dollars Illegally Each Year

A [press release](#) issued by the American Gaming Association (“AGA”) indicates that Americans gamble an estimated \$511 billion each year with illegal and unregulated sportsbooks, iGaming websites and “skill game” machines, according to [new research](#).

This illegal wagering robs state governments of \$13.3 billion in tax revenue annually, nearly \$2.5 billion more than legal operators generated in 2021 (\$11.7 billion). It also costs the legal gaming industry \$44.2 billion in annual revenue, or nearly half of the \$92 billion in combined commercial and tribal revenue in 2021.

“Illegal and unregulated gambling is a scourge on our society, taking advantage of vulnerable consumers, skirting regulatory obligations and robbing communities of critical tax revenue for infrastructure, education and more. We have always known that the illegal and unregulated market is expansive, but this report illuminates just how pervasive it is.” said AGA President and CEO Bill Miller.

Sports Betting Findings

The AGA’s report estimates that Americans wager \$63.8 billion with illegal bookies and offshore sites at a cost of \$3.8 billion in gaming revenue and \$700 million in state taxes. With Americans projected to place \$100 billion in legal sports bets this year, these findings imply that illegal sportsbook operators are capturing nearly 40 percent of the U.S. sports betting market.

While the numbers are significant, they also demonstrate Americans’ movement to the regulated market with legal sports betting’s expansion to 36 states and

the District of Columbia.

The report also found that 49 percent of past-year sports bettors have placed a bet with an illegal operator. Previous AGA research shows that more than half of Americans that bet on sports with illegal operators believe they are wagering legally.

iGaming Findings

Americans wager an estimated \$337.9 billion with illegal iGaming websites, with a loss of \$3.9 billion in state tax revenue. With \$13.5 billion in the estimated revenue, the illegal iGaming market in the U.S. is nearly three times the size of the legal U.S. iGaming market, estimated to be \$5 billion in 2022.

With iGaming only legal in six states, nearly half of Americans (48%) that have played online slots or table games in the past year have done so via illegal online casinos.

Unregulated “Skill Machine” Findings

Unregulated gaming machines also continue to proliferate, with an estimated 580,651 unregulated machines in the U.S. With 870,000 regulated machines in casinos and slot routes, that means 40% of all gaming machines in the U.S. are unlicensed.

Based on state regulatory data for similar machines, the operator win percentage on unregulated gambling machines is significantly higher than legal casino slot machines. During the past 12 months, slot machines in Nevada have a 7.16 percent win rate, compared to a nearly 25 percent estimated win rate for unregulated machines—demonstrating how unregulated machines take advantage of customers.

Mr. Miller noted: “All stakeholders—policymakers, law enforcement, regulators, legal businesses—must work together to root out the illegal and unregulated gambling market. This is a fight we’re in for the long haul to protect consumers, support communities and defend the law-abiding members of our industry.”

Methodology

The study was conducted by [The Innovation](#)

[Group](#) on behalf of the American Gaming Association and is based largely on a survey of 5,284 U.S. adults, examining their past-year gambling behaviors with both legal and illegal operators as well as their observations of unregulated gaming machines. It also incorporates publicly available data on the size of the legal U.S. gaming market and certain state gaming machine markets.

The full report can be read [here](#).

MGCB Recommends Talking to ‘Tweens’ About Responsible Gaming Behaviors Now to Avoid Problems Later

In a recent [press release](#) issued by the Michigan Gaming Control Board (“MGCB”), the “tween” years may be the best time to teach children about responsible gaming because about seven out of 10 students ages 14 to 19 will wager money on poker and other games this year.

“Parents should discuss responsible gaming with their children before they attend high school. National studies have shown young people gamble in betting pools, while on the basketball court sidelines and on video games or even try to do so online or at a casino. As a parent and a former social worker, I know how important it is for parents to look for signs of problem behaviors and to take an active role in educating children to understand consequences of their behavior,” said Henry Williams, executive director, Michigan Gaming Control Board.

According to the International Center for Responsible Gaming (“ICRG”) studies show that anywhere from 2% to 7% of young people experience a gambling problem. The ICRG estimates 6% to 15% of youth have gambling problems that are less severe. According to the ICRG the rate of gambling problems among youth has remained fairly steady during the past 25 years.

Experts say warning signs can be similar to those for other addictive behaviors: low mood, anxiety, stealing money and appearing preoccupied.

ICRG suggests 10 steps to help youth avoid risky behaviors:

- **Start early:** Children often begin gambling during elementary school so start talking to children between the ages of 9 and 13.
- **Listen:** Create an open environment so children will come to you when they have questions or problems.
- **Educate yourself and your kids about gambling:** You can learn about Michigan laws regulating casino gaming, internet gaming, internet sports betting and fantasy sports by visiting the Michigan Gaming Control Board [website](#).
- **Discuss:** Talk about the realities of chance with your children.
- **Know normal behaviors:** Adolescents are impulsive and like to take risks. They focus on the here and now instead of the long-term consequences of behaviors.
- **Set rules:** Research shows specific, consistent, and reasonable rules lead to fewer problems with risky behaviors, including gambling.
- **Monitor activities:** Stay involved without making children feel controlled. Make sure you keep credit cards, personal ID and your own internet accounts secure to prevent children from using them without your knowledge or permission.
- **Be involved:** Ask teachers to include probability and randomness in math classes and teachers and counselors to monitor for students playing cards and other games for money at school.
- **Help children develop coping skills:** Effective coping strategies focus on solving underlying problems instead of escaping them through gambling.
- **Understand the role of the family:** Don't send mixed messages about gambling behavior. If you have a gambling problem, your children are at increased risk of developing a problem, too.

For more information on talking with children

about gambling, visit the ICRG [website](#):

MGCB Conditionally Approves Gift Card Withdrawals

According to this [memorandum](#) issued by the Michigan Gaming Control Board (“MGCB”), the MGCB has approved the use of gift cards as a means of withdrawing funds from an internet wagering or internet sports betting account subject to certain conditions.

Licensed internet gaming operators, sports betting operators, and platform providers may allow authorized participants to withdraw funds in the form of a gift card only if all the conditions are met. Full details can be found in the [memorandum](#).

Michigan Gaming Control Board In-Person and Virtual Public Meeting Notice

The Michigan Control Board (“MGCB”) will hold a regular public meeting on Tuesday, December 13, 2022, at the MGCB’s Cadillac Place Office, 3062 W. Grand Boulevard, Suite L-700, Detroit, 48202-6062. The full meeting agenda is available on the MGCB [website](#) and can be found [here](#).

The meeting will also be available for viewing only via Zoom, please use this [link](#) for viewing only. To join by telephone to listen only:

USA 636 651 3141 US Toll
USA 877 402 9753 US Toll-free
Conference code is 310845

The meeting is open to the public, and comments from the public are welcomed and encouraged during the public comment portion of the meeting. The MGCB asks you to [submit this form](#) to MGCBweb@michigan.gov by 9:30 am Tuesday, December 13 if you wish to make public comments. You may also use the Q&A in the Zoom meeting to indicate you wish to speak

during public comment.

Persons who may need additional assistance to address the Board at the meeting are asked to contact Karen Finch at MGCBweb@michigan.gov or call 313-456-4100 during normal business hours. The MGCB asks for at least 24 hours in advance notice if additional assistance is needed, if possible.

Members of the public who are speech or hearing impaired may attend and participate in this meeting by dialing 7-1-1 and using the Michigan Relay service. More information about this service may be found [here](#) on MGCB's website.