

A Briefing on Commercialized Sports Gambling

By Les Bernal, National Director, Stop Predatory Gambling

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**REVEAL THE TRUTH BEHIND GAMBLING OPERATORS
TO PREVENT MORE VICTIMS.**

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**HELP KIDS THRIVE BY PROTECTING THEM
FROM GAMBLING ADS.**

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**Greed. It's the reason why big gambling
corporations are targeting kids.**

FIND OUT MORE ABOUT THE VILLAIN WE FIGHT

Fact #1: Science Has Shown Us Online Gambling is a Dangerous and Addictive Product

Gambling is recognized as an addiction ***on the same level as heroin, cocaine, and opioids*** in the American Psychiatric Association's DSM-5, used by health care providers and insurers as the principal source for mental health diagnoses.



Excerpted from the American Psychiatric Association website:

“In the *DSM-5*, gambling disorder has been placed in a new category on behavioral addictions. This reflects research findings showing that gambling disorder is similar to substance-related disorders in clinical expression, brain origin, comorbidity, physiology and treatment.”

There's a large market for non-alcoholic beer, wine, and spirits. You'd think there'd be a gap in the market for a gambling operator whose primary focus is "responsible gambling" but there isn't a single one. Why? Because it's not financially viable.

Kentucky 74+
Non-Alcoholic
Bourbon Whiskey



Strykk
Non-Alcoholic Vodka



Thomson & Scott Rose
Non-Alcoholic Wine



Guinness Zero
Non-Alcohol



Heineken Zero
Non-Alcohol



Two of the Fundamental Questions Unmasking the Myth Behind the Gambling Industry-Funded “Responsible Gambling” PR Campaign:

1) What percent of gambling profits is based on turning citizens into addicted gamblers?

- **“At least nine independent studies demonstrate that problem gamblers generate up to 60% of total gambling revenues.”**

Source: John Rosengren, How Casinos Enable Gambling Addicts, *The Atlantic* (Dec. 2016),
<https://www.theatlantic.com/magazine/archive/2016/12/losing-it-all/505814/>

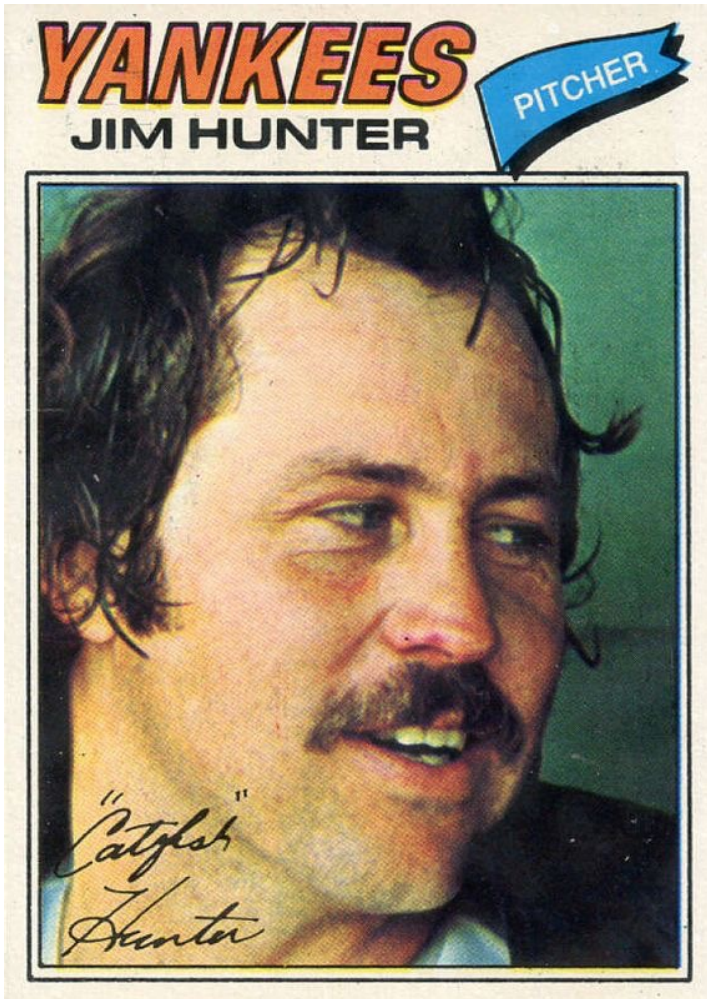
2) What percent of gambling profits comes from people who follow “responsible gambling codes of conduct”?

- **The percentage of gambling profits comes from people who follow “responsible gambling codes of conduct” – people who can be described as casual gamblers - is virtually irrelevant to their profits.** NYU Professor Natasha Schull reported in her nationally acclaimed book *Addiction By Design* that people who follow responsible gambling guidelines made up 75% of the players but contribute a mere 4% of gambling profits. “They only bring in 4% of our revenues, the responsible gamblers,” the author of the study said. “If responsible gambling were successful then the industry would probably shut down for lack of income.”

Source: Natasha Dow Schull, PhD, *Addiction By Design*, Machine Gambling in Las Vegas, Pg. 267 (2012), available at
<http://press.princeton.edu/titles/9156.html>



Fact #2: Online Gambling Has Unleashed an Epidemic of Child Gambling Across the U.S.



A 1977 Topps baseball card of pitcher Catfish Hunter, one of the finest baseball players to ever come out of North Carolina

- It was common for kids to collect sports cards growing up as fans of their favorite athletes and local teams. Now kids are gambling. The high frequency of marketing by gambling operators has normalized gambling for kids, leading them to believe gambling was central to playing and watching sports.
- Online sports gambling and massive gambling advertising campaigns are inextricably linked. Relentless gambling advertising on TV, social media, radio, and streaming platforms is undeniably what lures people to betting. You can't permit internet sports gambling and other forms of online gambling without gambling advertising invading the lives of North Carolina kids.
- Bombarding kids with gambling ads normalizes and desensitizes them to the dangers of commercialized gambling. It also makes them more likely to develop problems later in life. Young people grow up mistakenly thinking this is a harmless activity.
- Children regularly exposed to gambling advertisements are more likely to bet among friends, try to enter bookmakers, and gamble when they turn 21.
- The younger children start gambling, the more likely it is they will become habitual and addicted gamblers, regardless whether they are from an urban or a suburban community.

Online gambling proponents claim this new form of gambling will be “regulated” to protect North Carolina kids. Look at how the state “regulates” commercialized gambling now marketed by the North Carolina Lottery. Below are two examples of the Lottery’s scratch off gambling tickets as of March 21, 2023. Note the Lottery’s use of child-like themes.



The NC Lottery’s \$2 “Lucky Dog” Ticket. Unscratched on left and scratched on right. Source: NC Lottery, 2023 nclottery.com



In this example currently being marketed across the state, the NC Lottery has hijacked Tic-Tac-Toe, a game that young kids have played for decades, and turned it into a blatant lure to gamble.



The NC Lottery's \$1 "Tic Tac Multiplier" Ticket. Unscratched on left and scratched on right.
Source: NC Lottery, 2023 [nclottery.com](https://www.nclottery.com)

Fact #3: Commercialized Gambling Exploits the Little Guy

- **North Carolina citizens lost \$2.15 billion of personal wealth to commercialized gambling sanctioned by state government last year** (\$1.34 billion of personal wealth lost to the NC Lottery plus \$810 million of personal wealth lost to the two Harrah's casinos in FY22)
- **The people of North Carolina are losing \$4090 every minute to gambling sanctioned by the state.**
- **NC citizens lost \$13 billion of their personal wealth to the Lottery alone since FY07 (last 16 years)**
- **If NC state officials don't address the staggering amount of financial hardship being experienced by the people of the state because of the predatory gambling *already here*, citizens are on a collision course to lose more than \$11 billion of personal wealth to commercialized gambling over the next five years!**
- **Allowing online sports gambling and other new forms of commercialized gambling in NC will dramatically increase the massive financial losses citizens are already suffering. How much gambling losses is enough for NC state officials?**

Source: NC Lottery Annual Financial Statements FY2007-FY2022 and "Analysis of Current and Potential New Gambling Activities in North Carolina Prepared for North Carolina Education Lottery," By Spectrum Gambling, March 16, 2020





When Dracula is Put in Charge of the Blood Bank:

The North Carolina Lottery Is Pushing \$30 Lottery Scratch Tickets in Communities Where Citizens Make a Minimum Wage of \$7.25 an Hour!

Yet online gambling proponents want us to believe that the state will “regulate” online gambling in a way that protects the public.

- The North Carolina Lottery’s \$30 Lottery Scratch Ticket

Source: North Carolina Lottery, March 2023
<https://nclottery.com>



Fact #4: “The Big Con” - Why Commercialized Gambling is Different Than Any Other Business

- There is a faulty assumption surrounding commercialized gambling and it has led to very bad outcomes for the American people. It’s the false perception that gambling is just like any other business. The truth is, it’s not.
- What separates commercialized sports gambling, regional casinos, and state lotteries from every other business, including other vices like alcohol and tobacco, is gambling is a big con game. Citizens are conned into thinking they can collect money in a scheme designed to ultimately get them fleeced.
- If you pay for a pizza, a ticket to a Carolina Panthers game, or a glass of wine, that’s what you receive in return. When you put down your money in commercialized gambling what you receive in return is *the lure* you are going to win cash. It’s a financial exchange. But this exchange is mathematically stacked against you. Inevitably, you lose your money, especially if you keep doing it. **Success only comes at someone else's expense.**
- Commercialized gambling is a form of financial fraud, similar to price-gouging and false advertising, resulting in life-changing financial losses for millions of Americans and tens of thousands right here in North Carolina.



An Example of the Math Behind The Big Con

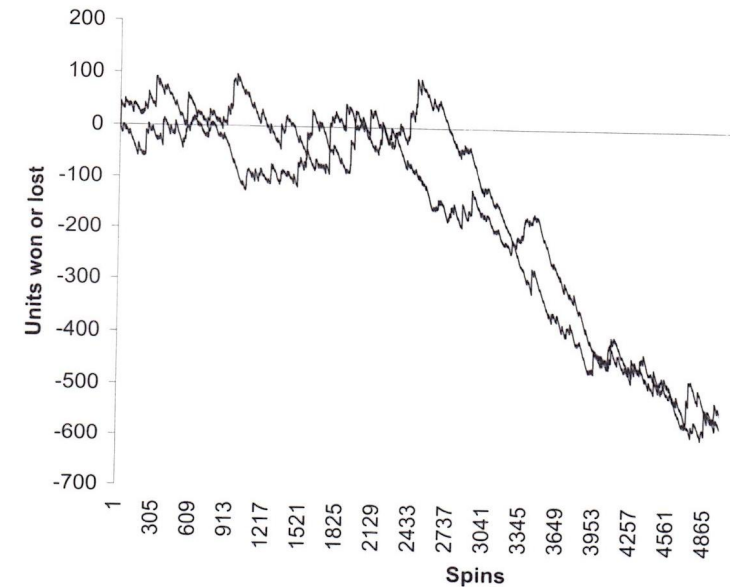
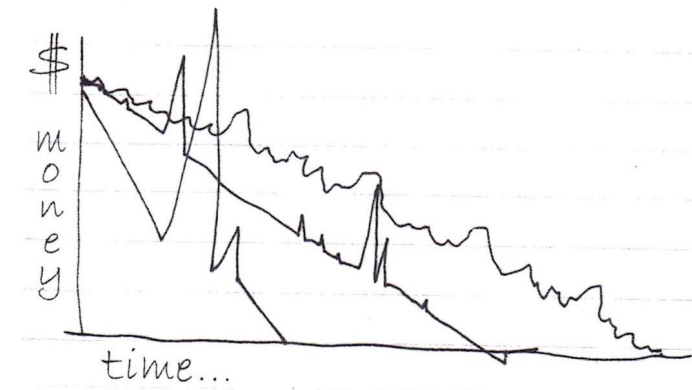


Figure 4.2. *Top:* Projected play trends for three different games, assuming the same initial bankroll. The shortest line represents a game with “high volatility” and “low hit frequency”; the longest shows “low volatility” and “high hit frequency”; the middle line shows moderate volatility and frequency. Drawn for the author by game designer Nicholas Koenig. *Bottom:* Play outcomes for two simulated gamblers on the same gambling machine, set at a hold percentage of only 5 percent. The graph follows the two gamblers from their first bet through 5,000 spins, representing four to eight hours of play (depending on the speed of the machine and the speed of play). The downward slope illustrates the “churn” by which play funds are gradually eroded over time. Although both gamblers experience wins, the house edge gradually consumes the winnings as they are reinvested in play. Assuming that each bets \$3.00 per spin, their averaged loss at the end of the play period is \$900.00. Graph built by gambling analyst Nigel Turner

**Source: *Addiction By Design*, Pg. 112
By NYU Professor Dr. Natasha Schull**

Other Examples of The Big Con:

- Making a bet with a friend, that's one thing, but if you do it against a sportsbook, you're going to lose money all the time. An *ESPN* journalist who covers sports gambling told an Ohio newspaper: "There was a study of the accounts at a major bookmaker. Out of 500,000 accounts, only 50 individuals were found to be profitable."
- But if you are one of the very rare people who wins more than he loses, **the bookmakers severely restrict or close your account**, both *ESPN* and *The Washington Post* reported
- **The "We'll Prevent 'Illegal' Gambling" or "They're Doing It Anyway" Ruse** – *The New York Times's* series revealed the American Gambling Association, the national trade lobby for the industry, orchestrated the "illegal gambling" campaign to create a fake sense of momentum for sports gambling.
- **The "Going-Out-of-State to Gamble" Recycled PR Narrative-** You're losing \$1 to save a penny!
- **The real intent behind the sports gambling lobbying campaign is NOT sports gambling. It's ONLINE CASINO GAMBLING.** Gambling operators, both online and brick-and-mortar, rely on sports gambling to get citizens in the door and sign up on the apps. It's about customer acquisition. Then the effort is to lure citizens over to the casino side of the business, which is far more profitable.
- **Inductees of "The Hypocrite Hall of Fame"** - gambling proponents who don't gamble themselves!

Fact #5: “You Pay Even If You Don’t Play” - The majority of citizens don’t gamble and they end up paying higher taxes for less services and worse state budget problems over the long term, footing the bill for the inevitable budget deficits commercialized gambling leaves behind.



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THE BLINKEN REPORT

State Revenues From Gambling

**Short-Term Relief, Long-Term
Disappointment**

Lucy Dadayan

“You Pay Even If You Don’t Play!”

- **Gambling lobbyists and some public officials continue to tout commercialized gambling as a way to raise tax revenue. But history has shown repeatedly that this argument is either overstated or wrong.** A 2016 national [report](#) by SUNY-Albany found that while states creating new revenue streams from gambling may see momentary bumps in tax income, **“the revenue returns deteriorate—and often quickly.”**
- Beyond its obvious status as a budgetary shell game, **commercialized gambling incurs major social costs that end up being footed by all taxpayers.** In addition to targeting and exploiting the financially desperate and cultivating addiction, government-sanctioned gambling leads to increases in rates of personal bankruptcy and provides new avenues for crime and money laundering. **Gambling operators don’t pay for the harms they cause families, businesses, and communities. Taxpayers do.**
- All the citizens who don’t gamble also pay another way. Commercialized gambling lowers a region’s standard of living because it’s a sterile transfer of money from millions of ordinary people’s pockets into a small number of other people’s pockets, producing nothing new and nothing of lasting value. **It’s a naked money grab disguised as economic development. The economic impact is similar to throwing your money on the street so someone else can pick it up – it redistributes wealth without creating it.** Because this nonproductive activity nevertheless uses up time and resources, we experience a reduced standard of living, a consequence that impacts all of us.

Sources: Cornell Univ. Professor David Just, “The big swindle: In lotteries, the poor are the biggest losers,” *CNN*, Dec. 18, 2013 <https://www.cnn.com/2013/12/18/opinion/lottery-poor-just-opinion/index.html>

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Dr. Earl Grinols and Dr. David Mustard, *MIT Press, Review of Economics and Statistics*, Feb. 2006, <https://www.mitpressjournals.org/doi/abs/10.1162/rest.2006.88.1.28?journalCode=rest>

Lucy Dadayan, *State Revenues from Gambling: Short-Term Relief, Long-Term Disappointment*, The Nelson A. Rockefeller Institute of Government (2016), http://www.rockinst.org/pdf/government_finance/2016-04-12-Blinken_Report_Three.pdf

Five Facts You Should Know About Commercialized Sports Gambling

Fact #1: Science Has Shown Us Online Gambling is a Dangerous and Addictive Product

Fact #2: Online Sports Gambling Has Unleashed an Epidemic of Child Gambling Across the U.S.

Fact #3: Commercialized Gambling Exploits the Little Guy and Is One of the Root Causes of the Financial Distress and the Lack of Mobility Out of Poverty Facing Tens of Thousands of NC Families Today, Whether It Takes the Form of the Lottery, Regional Casinos, or Online Gambling

Fact #4: “The Big Con” - Commercialized sports gambling, like the other forms of commercialized gambling, is a form of consumer financial fraud like price gouging and false advertising.

Fact #5: “You to Pay Even If You Don’t Play” - The majority of citizens don’t gamble and they end up paying higher taxes for less services and worse state budget problems over the long term, footing the bill for the inevitable budget deficits commercialized gambling leaves behind.



These Facts and Numbers Are Not New.

**Most of These Facts Have Been Known for More Than 20 Years
Since Congress Issued the National Gambling Impact Study Commission
in 1999 Calling for a Moratorium on Gambling.**

**But the Lobbying Push for Commercialized Gambling
Has Never Been About Facts and Numbers.**

It's Been Driven By Two Things:

Greed and a Lust for Political Power.

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