

U.S. Sports Leagues Shoot For Trifecta With Integrity Fee

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It would be a win-win-win for the National Basketball Association (NBA) and other professional sports leagues if legislatures in Iowa and other states approve a 1 percent integrity fee on bets on NBA games, according to a law professor who moderated a discussion on Friday at the 5th annual Penn Law Sports Law Symposium.

First, fan engagement and television ratings for NBA games are likely to increase under a regulated and monetized system, said Marc Edelman who teaches law at Baruch College in New York City.

Secondly, with the exception of the National Football League (NFL), the professional leagues already are shareholders in daily fantasy sports companies such as DraftKings and FanDuel which stand to benefit from the legalization and regulation of sports gambling.

"The third one, on top of that, is not only would their broadcast revenues arguably go up and not only are they in the gaming marketplace themselves making direct money but now they would be given 1 percent of everything that comes from that industry," Edelman said.

The key issue at this point in the sports-betting debate is not whether wagers will be legalized but who will control them, according to Anastasios Kaburakis, an associate professor of sports business at St. Louis University.

"Granting these leagues an actual right ...an intellectual property right to these games is something that, according to several observers, has several issues," Kaburakis said.

In the last two weeks, Kaburakis said, leagues have sent letters to states insisting that any sports-betting bill must include language protecting time sensitive data collected by the leagues on their games.

"It's not just wagering on the result of the game," Kaburakis said. "Everyone knows that the more interesting part of wagering now is during the game. In modern gaming, the live gaming that takes place during a game is much more lucrative."

Kaburakis drew chuckles from the crowd of about 80 law students, attorneys and other professionals attending the symposium when he thanked the event's organizers for inviting a Greek.

"Any serious gambling panel has to have some Greek DNA on it," Kaburakis said. "We are known as degenerate gamblers ...We have this small country with this [OPAP](#) firm that would actually become one of the top five revenue generator firms in the world."

After hearing testimony from the NBA last week, an [Iowa House subcommittee](#) passed a sports-betting bill which does not include an integrity fee. The NBA and Major League Baseball registered their opposition to the bill.

Iowa Republican [Jake Highfill](#), the subcommittee chairman, said the bill is virtually certain to be amended before it comes before the full House State Government Committee later this week, according to the Des Moines Register.

So far, it seems doubtful that an integrity fee for the leagues will be added to the Iowa bill.

After being unveiled in an [Indiana bill](#) last month, the leagues' proposal for an integrity fee has unleashed a torrent of opposition from the gaming industry and lawmakers.

During the symposium in Philadelphia, prominent anti-trust attorney David Greenspan of New York City accused the leagues of talking "out of both sides of their mouths."

"The name 'integrity fee' is quite ironic, and this entire discussion just shows that the hypocrisy of the sports leagues has absolutely no boundaries whatsoever," said Greenspan, who has represented New England Patriots quarterback Tom Brady in litigation against the NFL.

Greenspan, who is a partner in the Winston & Strawn firm, is also representing college athletes seeking compensation for their services in a high-profile lawsuit against the National Collegiate Athletic Association (NCAA).

Just the name of the [Professional and Amateur Sports Protection Act](#) (PASPA), which bans sports betting in all but four states, is "hilarious," Greenspan said.

"The statute was to protect sports from a \$500bn industry that already exists but now that the sports leagues can get their hands on it, you know, they're all in," he said.

"I mean it's amazing sports leagues are filing briefs in support of the NCAA opposing ... the broad legitimization of sports gambling while going to state legislators and saying, 'But, if it happens, we need our 1 percent,'" Greenspan said. "Somehow this all needs to get squared away."

The [U.S. Supreme Court](#) is expected to announce its decision on New Jersey's challenge of the sports betting ban in PASPA by June.

[Andrew Brandt](#), a former general counsel of the Green Bay Packers in the NFL, said the leagues are sending mixed messages by lobbying for the regulation of sports betting in state legislatures while fighting for a wagering ban in the Supreme Court.

"I was at the Supreme Court [on] December 4th [during oral arguments]," Brandt said. "It was an incredibly strident view towards the leagues and [an] empathetic view towards New Jersey. Whether it's for New Jersey only or they strike the law (PASPA) as unconstitutional and a gambling free-for-all happens, we know it's going to happen."

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