Public Comment Letter and Joint Public Comment Summary

for

Agenda Items C.1.a – C.1.e

Arkansas Racing Commission Casino Gaming Rules (CGR) 4, 6, 20, 22, & 24



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January 3, 2022

VIA EMAIL ONLY

Ms. Lacey Johnson Administrative Rules Review Section Bureau of Legislative Research One Capitol Mall, 5th Floor Little Rock, AR 72201

Re: Arkansas Racing Commission

Dear Ms. Johnson:

Attached is the Public Comments Report from the December 30, 2021 Arkansas Racing Commission meeting. If you need any other information, please let me know.

Best regards,

MITCHELL, WILLIAMS, SELIG, GATES & WOODYARD, P.L.L.C.

BF:sel Attachment

PUBLIC COMMENTS REPORT FROM DECEMBER 30, 2021 ARKANSAS RACING COMMISSION MEETING

This is a public comment report on the proposed rule changes for the Casino Gaming Rules which have been submitted for consideration and adoption by the Arkansas Racing Commission (hereinafter, "ARC"). The proposed rule changes were properly advertised as required by the Administrative Procedures Act, and a public hearing was held in the Commission offices on December 30, 2021, at 11:00 a.m. During the public hearing, each proposed rule change was read and reviewed for those persons in attendance and participating by telephone and video. All attendees were given a chance to comment on each proposed rule change. During the December 30, 2021, meeting, there were comments by John Burris; Andrew Winchell, Director of Government Affairs of FanDuel; Shawn Austell on behalf of DraftKings and other national sports wagering vendors. All three spoke against Rule 20.010(13), which prohibits a casino licensee from paying a majority of the sports gaming revenues to third-party vendors, such as FanDuel. A copy of that proposed Rule is attached hereto. Walter Ebel, the attorney for Oaklawn; Steve Lancaster, the attorney for Southland; and Carlton Saffa, the Chief Executive Officer of Saracen, all spoke in favor of the adoption of the proposed Rules. Bill Walmsley, the head of the Arkansas Thoroughbred Owners Association, spoke in favor of the adoption of the proposed Rules.

Prior to voting on the proposed Rules, the ARC received over 800 emails from individuals, letters from the sports gaming vendors and letters from the three Arkansas casinos. Many emails expressed opposition to the expansion of gambling in Arkansas. However, the vast majority of the emails and the letters favored the position of the national sports wagering vendors. The letters from the Arkansas casinos supported the adoption of the proposed Rules.

The proposed rule changes were approved by the Commission and will become effective on a permanent basis on January 30, 2022, after the Legislative Review Committee meeting and if they are approved by the Bureau of Legislative Research and the Review Committee.

20.010 Definitions. As used in this Rule:

- 1. "Account wagering system" means a system of wagering using computer or other method of wagering communication as approved by the Commission, including mobile applications and other digital platforms that utilize communications technology, whose components shall be located in this State. The components shall include, but not be limited to, the systems operator, permanent information databases, system monitoring equipment, and writers.
- 2. "Book" means a race book or sports pool licensed and approved pursuant to Amendment 100 and this Rule.
- 3. "Call center system" means a computerized system, or a component of such a system, that is used to provide technical support to a patron. A call center system shall not be used to receive, transmit, or accept wagers from a patron to a licensed book.
- 4. "Cash" means coin and currency that circulates, and is customarily used and accepted as money, in the issuing nation.

5. [Reserved]

- 6."Commission" means the Arkansas Racing Commission or the Commission's designee.
- 7. "Communications technology" means the methods used and the components employed to facilitate the transmission of information including, but not limited to, transmission and reception systems based on wire, cable, radio, microwave, light, optics, cellular data, or computer data networks and the Internet.
- 8. "Internet" means the international computer network of both Federal and non-Federal interoperable packet switched data networks.
- 9. "Key employee" means an employee in any of the classes described in Rule 4.
- 10. "Messenger bettor" means a person who places a race book or sports pool wager for the benefit of another for compensation.
- 11. "Nonpari-mutuel wager" means a race book or sports pool wager other than one offered to be included in a common pari-mutuel pool.
- 12. "Operator of a call center" means a person who, as an agent of a licensed Arkansas book, engages in the business of operating a call center system as a means of providing patron services to assist a patron located in this state. An operator of a call center does not receive, transmit, or accept wagers.
- 13. "Online sports pool" means an operation in which wagers on sports events are made over the internet on websites or mobile applications through computers, mobile devices, or other approved interactive devices accepted through a gaming system approved by the Commission. In order to operate an online sports pool, a casino licensee must first operate and continue to operate a sports

pool from the casino licensee's premises. Further, operation of an online sports pool shall be prohibited in circumstances in which a majority of the net gaming revenue, as defined in Amendment 100, from the online sports pool is paid to a third-party vendor assisting in the operation of the sports pool.

- 14. "Online sports pool platform" means an integrated system of hardware, software or applications through which an online sports pool operator operates, conducts, or offers an online sports pool.
- 15. "Online sports pool operator" means a casino licensee that has elected to operate an online sports pool or a sports pool operator intermediary operating an online sports pool on behalf of a casino licensee.
- 16. "Payout" means the total payment due on a winning wager whether or not:
 - (a) The patron collects the total payment due at one time;
 - (b) All or a portion of the payment due is made in the form of cash, chips, or other form of payment; or
 - (c) All or a portion of the payment due is used by the patron to place another wager.
- 17. "Post time" means, unless an earlier time is required by regulation in the state where the race is run:
 - (a) For users of live broadcasts and for buyers of audible announcements of post time from disseminators of live broadcasts, the later of either the time when the disseminator transmits an audible announcement of the post time, or when the race is started by, as applicable, the opening of the gates and/or box, the starting gate car begins to close its arms, or such other method used by the track and administratively approved by the Commission.
 - (b) For races broadcast live on a national television network for which an agreement has been reached with a disseminator to provide an audible announcement of post time, that time when the disseminator relying upon information obtained independently of the television broadcast, transmits an audible announcement of post time which must be no later than when the race is started by, as applicable, the opening of the gates and/or box, the starting gate car begins to close its arms, or such other method used by the track and administratively approved by the Commission.
 - (c) For licensed race books that, pursuant to an agreement with a licensed systems operator, use a computerized bookmaking system that allows the systems operator to close wagering via electronic remote access, that time when the race is started by, as applicable, the opening of the gates and/or box, the starting gate car begins to close its arms, or such other method used by the track and administratively approved by the Commission, as determined by the systems operator through information the systems operator independently receives from a disseminator.
 - (d) Except as provided in paragraphs (a), (b) and (c) of this subsection, not later than 2 minutes before the scheduled post time as announced by the disseminator.
- 18. "Race book" means a business that accepts wagers on horse or other animal races. A casino licensee that is also a franchise holder may elect to have its race book operations relating to parimutuel wagering on horse and greyhound racing regulated and governed by the Arkansas Horse

Racing Law at Ark. Code Ann. §§ 23-110-101 et seq. or the Arkansas Greyhound Racing Law at Ark. Code Ann. §§ 23-111-101 et seq., respectively, and rules promulgated by the Commission thereunder and not by these Rules.

19. [Reserved]

20"Secure personal identification" means a secure personal identification as that term is defined in these Rules.

- 21"Sports event" or "sporting event" means any professional sport or athletic event, amateur sport or athletic event, collegiate sport or athletic event, or motor race event. Sports events upon which wagers may be accepted under these Rules shall only include athletic sports events conducted live by human athletes (including race car drivers), and shall not include any virtual or simulated event, or event conducted in the past and rebroadcast for wagering purposes.
- 22. "Sports pool" means a business that accepts wagers on sporting events other than horse or other animal races.
- 23. "Wagering account" means a sports wagering account as that term is defined in these Rules.
- 24. "Wagering communication" means the transmission of a wager between a point of origin and a point of reception by aid of a communications technology, including computers or mobile application on mobile devices or other approved interactive devices approved by the Commission.
- 25. "Wagering instructions" means the instructions given by a patron on the grounds of the licensee's facility where casino gaming is conducted or who maintains a mobile wagering account at a book to effect a wagering communication to the book.

TABLE OF PUBLIC COMMENTS FOR 2022 PROPOSED CHANGES TO CASINO GAMING RULES CONCERNING MOBILE SPORTS BETTING

	<u>Name</u>	For or Opposed	Reasons
1.	Arkansas Hospitality Association	For	Requests will likely benefit the economic interests of Arkansas taxpayers because most revenues from this activity will be retained within the control of AR casino/gaming licensees and thus, will remain in the state
2.	DraftKings	Comments	Three areas of concern: 51% rule; requirement for casino to operate a retail sports pool in order to offer an online sports pool; requirement prohibiting a casino licensee from partnering with more than two individually branded online sports platforms
3.	BetMGM	Comments	Focus on market access provisions that restrict third-party sports wagering vendors from sharing in sports wagering revenues
4.	Southland Casino	For	Supports 51% rule
5.	Gambling.com Group	For	Online sports betting is an essential part of how modern consumers engage with sports; concerns with 51% rule not attracting premier online sports betting operators as partners and limit ability of local casinos to partner with multiple online sports betting companies
6.	FanDuel	Comments	Constructive Feedback
7.	Saracen Casino Resort	For	Patrons ask us every day for access to the mobile sports wagering market and we would like to provide our players the mobile platform they are seeking; would like to applaud ARC for the rules put forth as well as Gov.

			Hutchinson that would allow Saracen to provide what our customers seek and would meet a need; absent a 50+% rule in which licensee has majority position in mobile sports wagering, ability of in-house compliance department and marketing department is jeopardized
8.	Arkansas State Chamber of Commerce and Associated Industries of Arkansas	For	Supports licensed casino operators' requests regarding statwide sports wagering; their preferences are compelling and seem most likely to protect Arkansas taxpayers' economic interests due to retaining bulk of revenues within control of Arkansas casino / gaming licensees
9.	Darren Sanders	For	Love that ARC is making sure that most of the revenue stays in Arkansas; Bet on Arkansas and their petition is not welcoming any comments from people of Arkansas unless it is favorable for them; BOA ads are misleading; have tried to explain and I have been blocked and deleted; also tried to contact Bet on Arkansas directly and they refuse to contact me back; full confidence that the ARC will do what's best for the state
10.	Baker Helton	For	Banning and limiting of successful player – DraftKings CEO said "people who are doing this for profit are not the players we want"; Casino Gaming Rule 20 – the 51% rule will give Arkansans an inferior sports betting experience
11.	D.M. Newman	For	Rules the ARC have established are perfect as they keep the money in Arkansas; single thing I want to comment on is the 51% rule. VITAL we keep this rule

12.	Mike Norton	Pro 51% rule on sports betting	Neither believe nor have sympathy for national sports betting platforms who claim they won't come into the state if they can only take home 49% of the profits; they will come; state will benefit from tax revenue we can use for education, social spending and infrastructure
13.	Rick Cossey	For	Urge commission to represent best interest of people and make mobile sports wagering available to any platform that would be willing to license and report
14.	Mick Maggi	For	Eliminate illegal offshore gambling; keeping money in our state; convenience and comfort of home; safety, especially during COVID; security, trusted transactions; attraction for tourist to our state
15.	Keith Morris	For	Mobile betting option needs to be approved, as has already been the case in 14 other states who also previously approved their own casino gaming licenses as an initial first step; keep people from leaving the state; keep Arkansas on pace with other progressive states who have already realized this is a huge tax revenue generator
16.	Rennis Tart	For	Cannot make to casino in time to bet on certain games
17.	Robert Dorman	For	Should not have to drive to Tennessee to place sports bets with mobile when I should be able to do it from the comfort of my own home
18.	Walker Cheevers	For	Asking to approve mobile sports betting in Arkansas
19.	Bet on Arkansas submitted 782 computer response forms (with a few duplicates and a	For	

few out-of-state responders)	
with pre-chosen responses,	
examples of which are set out	
below:	

Check All that Apply

Using a regulation to direct 51% of revenue to casino partners limits the ability of online sport betting companies to partner with Arkansas casinos. Government should not shortchange Arkansans by picking winners and losers and dictating the terms of a contract between private companies through a regulation.

Customers should have access to the most competitive prices, the best promotions and bonuses and the strongest customer protections, which would be limited by regulation directing 51% of revenue to casino partners.

When Arkansans have first-class sports betting options competing for their business, fewer people will resort to illegal offshore websites or bookies and the state will collect more tax revenue.

Arkansas should follow free market principles and not artificially limit who can do business in the state either through a cap on platforms or a contractual requirement that could force first-class operators to remain on the sidelines.

As a consumer, I would like the best sports betting options, including national sports betting brands. Amending the rule to create a fair playing field increases the likelihood that the most innovative and popular brands will participate in Arkansas, partnered with an Arkansas casino.

Surrounding states offer consumers the flexibility to use the sports betting platform of their choice, but Arkansas could potentially be limited to as few as three. Without top national brands, people will travel across state lines to use the best products available and Arkansas will lose tax revenues to the states with more consumer choice.

1.	Americans for Prosperity	Opposed as written	Proposed draft rules are opposite of pro-consumer, competitive free-market principles due to limit choice by limiting number of online sportsbook partnerships to two per casino; allowing only six sports betting companies (at this time) to operate within the entire state; and state goes beyond scope of enforcing contracts between private parties by writing requirement that a sports betting company pay their casino partner 51% of the profit
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2.	Arkansas Horsemen's Benevolent and Protective Association	Opposed	Believed the four licensed casinos voted on would be directly regulated by the State and would be primary operators of sports betting in Arkansas; if Oaklawn and the other casinos do not maintain at least a 50% revenue interest; they will no longer be the primary operators; not be in the best interests of our state to allow third party companies with no investments in Arkansas to potentially garner the majority of mobile sports wagering revenues in our state
3.	Connie Backstrom	Opposed	Linked to gambling addiction not what Arkansas had in mind when voted to legalize gambling at four casinos in the state in 2018
4.	Wayne Simonton	Opposed	Would widen the scope of gambling beyond the intent of the original law and would decease the disposable and discretionary income of Arkansans
5.	Mary and Jim Larmoyeux	Opposed	Much poverty and addiction in Arkansas and allowing this expansion would only increase these problems
6.	Jack Stemberg, MD	Opposed	Make it too easy to lose all your money
7.	Kimberly Fox	Opposed	Highly addictive and a problem for folks who already have an addiction to gambling; not what Arkansas voters were approving
8.	Robert Hose	Opposed	Detrimental to financial health of many and corrupts the pleasure of sports for the fun of it
9.	Roberta Wilson	Opposed	Do not believe it would be in the best interest of Arkansans
10.	Sharon Hatcher	Opposed	Is not what Arkansans had in mind when they voted to legalize gambling at four casinos in the state in 2018;

			will be children and families gravely affected by this rule change
11.	Cindy Petty	Opposed	Gambling hurts the poor more than anyone; will make it worse and the state will have more welfare than ever to provide
12.	Mark Johnson	Opposed	"physically present in the State of Arkansas" rule is rendered a joke by fact that modern technology can make it look to any recipient that the communication originated wherever the sender wishes it to appear from; "casino" is defined as facility where casino gaming is conducted as authorized by this Amendment and the proposed changes call into question the validity of electronic gaming from locations other than the casino
13.	Jeff Boone	Opposed	Linked to problem gambling and gambling addiction; sports betting via cell phone is not what Arkansans had in mind when they voted to legalize gambling at four casinos in the state in 2018
14.	Larry McCulley	Opposed	Moved here for the family values exhibited here in Arkansas
15.	Keith Hogan	Opposed	Would create more issues and addiction that Arkansas and its people do not need
16.	Hrand DuValian II	Opposed	Highly addictive and thus destructive to our families and therefore to our state; not a good thing allowing people to gamble any place; encourages more people to become addicted and thus wreck havoc with more Arkansas families
17.	Vickey Boozman	Opposed	Vote to keep gambling on location
18.	Deb Thompson	Opposed	So many families have been destroyed by gambling; Arkansas does not need

			anything else that contributes to the destruction of families
19.	Debi Lau	Opposed	Not allow any changes to sports betting laws in Arkansas
20.	Shirley Williams	Opposed	Having to travel to a casino automatically provides some safeguards against addiction; mobile betting would inevitably lead to increased addiction to gambling
21.	Don Mantooth	Opposed	Family members who already have gambling problems; this would only increase the opportunity for their addiction
22.	Tim Small	Opposed	Online betting rules should NOT be changed
23.	Danny Gunderman	Opposed	Gambling addiction by uncle; online betting will make it easier for folks to sink their hard earned money into gambling at the expense of their family's well-being
24.	Tressia VonDran	Opposed	Do not think this will benefit or improve our state; want Arkansas to be a place that draws families; a place known for ethic and moral standards
25.	Margie Harr	Opposed	Would be bad for families
26.	Candee Ramsey	Opposed	Opposition to online sports betting in Arkansas
27.	Robert Mires	Opposed	Such open access will prove to be a detriment to the citizenry of our state
28.	Linda Harper	Opposed	Feel very strongly that this will hurt many people in our state especially those who have gambling addictions the poor and our children
29.	Annette Hammons	Opposed	Asking not to approve
30.	John Hahn	Opposed	Asking not to approve

31.	Jacque Martin	Opposed	Not conducive to good government to create gambling addicts due to the fact that it creates more poverty and jeopardizes the lives of our most vulnerable citizens – our children
32.	Pastor Wes Hulvey	Opposed	Asking not to approve
33.	Linda Rogers	Opposed	Not what was imagined by Arkansas voters when casinos were approved; gambling addictions will certainly increase
34.	Becky Austin	Opposed	Leave gambling in the casinos; negative effect on communities as it is very addictive and contributes to poverty in the community
35.	Larry Fisher	Opposed	Those who wish to gamble have ample opportunities to do so under present rules; proposed change will open doors for unintended consequences such as hackers and fraudulent activity
36.	Johnnie McElroy	Opposed	Asking to oppose
37.	Jim Wilson	Opposed	Asking to oppose
38.	Judith Armstrong	Opposed	Asking to oppose
39.	Dan Tyree	Opposed	Betting in small amounts can be a fun amusement, but statistically, most people wind up losing their hard- earned money by gambling to the "gaming" industry; addictive and has caused immense misery to countless individuals
40.	Charles Noble	Opposed	Massive expansion of gambling in Arkansas will harm Arkansans; harmful to participants, area economies and whole population; addiction; sports betting via cell phone is not what Arkansans had in mind

			when they voted to legalize gambling in Arkansas
41.	Roger Fryar	Opposed	Will contribute to even more crippling gambling addictions that already plague our state
42.	Terry and Kim Rodgers	Opposed	Asking to oppose
43.	Nancy Hancock	Opposed	Detriment to our state because it harms people so much
44.	James Brettell	Opposed	Asking to oppose
45.	Grandmajody18@hotmail	Opposed	Easy to entice more people to engage in risky behavior
46.	Ruby Wooley	Opposed	Asking to oppose
47.	Brenda Turner	Opposed	Asking to oppose
48.	Linda Flesher	Opposed	Totally against this
49.	Russ Bennett	Opposed	Would allow people to gamble from their own homes
50.	Don and Letha Bice	Opposed	Sports betting via cell phone is not what Arkansans had in mind when they voted to legalize gambling; linked to problem gambling and gambling addiction
51.	Karen Coats	Opposed	Linked to problem gambling and gambling addiction; is not what Arkansans had in mind when they voted to legalize gambling at four casinos
52.	T.J. Persenaire	Opposed	Asking to oppose
53.	Bobby Yarbrough	Opposed	Asking to oppose
54.	Pam Brock	Opposed	Believe would not be a positive decision for our state; has potential to open the door to many issues that would only cause a decline in our society

55.	Lisa O'Hara	Opposed	Asking to oppose
56.	Deborah Graham	Opposed	Ability to make bets from phone would give them an incentive to bet which in most cases would only leave them poorer or deeper in debt
57.	Mary Baskin	Opposed	Detrimental to too many people who cannot resist gambling; families would suffer
58.	Wayne Helmer	Opposed	Would greatly increase gambling in the state with all corresponding problems
59.	Marilyn Morris	Opposed	Asking to oppose
60.	Kurt Anderson	Opposed	Citizens did not vote for state-wide gambling; it was for on-site casino gambling only
61.	Barbara Stokes	Opposed	Asking to oppose
62.	Janis Bremer	Opposed	Asking to oppose
63.	Bonnie Rountree	Opposed	Will definitely hurt our economy
64.	Dorothy Cox	Opposed	Will prey on the poor
65.	Paula White	Opposed	Times are hard enough and this added convenience would only add to the struggle of gambling temptations and thus add to insecurities and uncertainties for so many spouses and children
66.	Mike Rainwater	Opposed	Should be voted on by the people; not what voters had in mind when enlarging opportunity to gamble; inviting more social problems we taxpayers will be paying for; bad idea
67.	Kathy Mallonee	Opposed	Asking to oppose
68.	Charles R. Jones, Sr.	Opposed	Asking to oppose

69.	Suzanne McPherson	Opposed	Will lead to increased gambling addiction
70.	Wally Varner	Opposed	Asking to oppose
71.	Scott Turbyeville	Opposed	Asking to oppose
72.	Dan Gaffney	Opposed	Asking to oppose
73.	fuzzyconner@yahoo	Opposed	Asking to oppose
74.	Sharon Schleiff	Opposed	Asking to oppose
75.	Sandra Strain	Opposed	Asking to oppose
76.	Paul Barker	Opposed	Believe proposed change would add to the problems of underage and addictive gambling; believe these kind of substantive changes should be proposed in the legislature to allow for fuller discussion
77.	Alan Barker	Opposed	Will further encourage destructive habits and further hurt our economy; need to encourage people of Arkansas to be wise and responsible with their finances; historically and statistically linked to poverty, broken homes, and broken families
78.	Ria O'Neal-Dirickx	Opposed	Addictive activity that can ruin a person's life and have devastating effects on families and most important children, the most vulnerable in our society; bad news for young people; do not see the logic behind it for tax revenues in this manner
79.	Karin Little	Opposed	Asking to oppose
80.	Cyndie Lyon	Opposed	Have seen firsthand as social worker what addictions of all kinds can do to individuals, families, and children; already have depleted resources in our state to help people in addiction; if it must be available, keep it in one place and not online

[Joint Public Comment Summary for Agenda Items C.1.a – C.1.e: Arkansas Racing Commission Casino Gaming Rules (CGR) 4, 6, 20, 22, & 24]

81.	Kathleen Prescott	Opposed	Would be extremely detrimental to Arkansas individuals and families; no what Arkansas had in mind when voted to legalize gambling in four casinos
82.	Nancy Comish	Opposed	Following in failing footsteps; how many more homeless do you want to create; if you do not see the clear and obvious statistics in those states that have sunk to this all time low; you will surely usher it in
83.	Kristan Hodges	Opposed	Not what Arkansans voted to legalize in 2018
84.	Christie Miller	Opposed	Asking to oppose
85.	James Lumpkin	Opposed	Asking to oppose
86.	Mona Kaye Scroggins	Opposed	Asking to oppose
87.	Allen Williamson	Opposed	Will only open the door to more gambling addiction; destroys lives an families just as any other addiction does; would not be a good decision for the people of Arkansas
88.	Robert Gregory	Opposed	Already have enough problems without online betting
89.	David Rasmusson	Opposed	Opportunity to slow the relentless advance of vice by voting to oppose this initiative; isn't healthy for society
90.	Peggy Gregory	Opposed	Not with voters wanted or thought would happen
91.	Stephanie Smith	Opposed	Asking to oppose
92.	Russ Rhodes	Opposed	Would not be good for Arkansans in the long run
93.	Sheila Norris	Opposed	Asking to oppose
94.	Mary Lee Dell	Opposed	Sports betting via cell phone is not what Arkansans had in mind when

			they voted to legalize gambling at four casinos
95.	Dale Epperson	Opposed	Too many people already bet money they cannot afford to lose; more of a temptation that many people could resist or control; opposition to \$200,000 of taxpayer money for gambling counseling
96.	Jo Cromwell	Opposed	Asking to oppose on betting by cell phone on sports other than animal sports
97.	Doris Perkins	Opposed	Very detrimental to our state as well as to the people of our state that already have this and other addictions
98.	Judy Moore	Opposed	Could be a real problem to those who have a problem with gambling
99.	Pam Evans	Opposed	Asking to oppose
100.	Ed Bibb	Opposed	Asking to oppose