



the campaign for *fairer gambling*

UNITED STATES OF AMERICA

REPORT ONE

iGambling Marketplace Report 2023.

RELEASED:
MARCH 21,
2024

MONITORING, DATA & ANALYSIS BY



YIELD SEC™

The Campaign for Fairer Gambling: USA - Introduction

The Campaign for Fairer Gambling (CFG) has a history of success in the gambling reform space in Great Britain (GB).

The primary opponent of reform in GB is the Betting and Gaming Council (BGC), a trade body which lobbies to advance the financial interests of BGC members based on misrepresentations.

With GB's history of legal betting shops throughout the country taking racing and sports bets for decades, there was never the same opportunity for illegal bookmakers to get a foothold in the market, unlike in the US.

With gambling reform high on GB's political agenda, the BGC has used the threat of the black-market in online sports betting and casino gaming (iGambling) to argue against improved regulations.

However, the majority of GB facing illegal iGambling is targeted towards underage persons and persons that have previously self-excluded from legal iGambling: in other words, people that shouldn't be in the regulated market anyway.

In fact, the BGC commissioned a report from Yield Sec (YS) in 2022 that revealed where the growth in the black market was coming from, albeit from a low baseline.

However, the BGC distorted the findings of that report to reinforce its lobbying against affordability checks, whilst not publishing the report showing where the growth was actually coming from.

In 2022 the American Gaming Association (AGA), the US lobbying trade body, with some members in common with the BGC, failed to commission a report from YS.

Instead, the AGA relied on a report based on a survey of a few thousand people, which was never going to give an accurate picture of the black market.

The AGA wrote to federal politicians and the Department of Justice (DoJ) with the report, claiming that AGA members were subject to "strict suitability standards" by state regulators and praising members' "responsible gambling" agenda.

It was this AGA letter and report that prompted Derek Webb, the founder of CFG, to restart CFG as a US facing entity.

The Campaign for Fairer Gambling: USA – Introduction (continued)

CFG does not agree that states have “strict suitability standards” and regards the “responsible gambling” representations as political expediency.

US state legislators and regulators have allowed market entry to operators that have breached the 12th December 2006 EU Directive 2006/123/EC which allows freedom of services between EU states, but specifically excludes gambling.

US state legislators and regulators have allowed market entry to providers of daily fantasy sports betting who dispute that this is betting and do not wish to pay the appropriate federal exercise tax on betting, so are not in good standing with the IRS.

The level of operator commitment to “responsible gambling” varies according to the jurisdiction.

BGC or AGA members, when acting in other territories, may not make any provision towards “responsible gambling”, particularly if acting itself as a black-market operator in those countries.

CFG does not agree that the DoJ is best placed to handle the black-market as it is very difficult to prosecute and enforce against individuals or entities without US ties.

Prosecutions take years, and the black-market would only be reduced by one operator at a time.

CFG positions are evidence-based which is why a report from National Economic Research Associates (NERA) was commissioned to look at the US state with the longest exposure to legal iGambling - New Jersey (NJ).

This report substantiated that legal iGambling shrank the NJ economy by diverting disposable income from other economic activity, which results in losses to NJ economic output and jobs.

In this respect legal iGambling is better than illegal iGambling in that it does create a few US jobs and state taxes.

However, due to the diminished economy there is a reduction in federal taxes which may result in a decrease in overall taxes.

Furthermore, iGambling expansion results in increased harm to at-risk and disordered gamblers, and financial harm to the financially vulnerable, with the socio-economic impact on the state not being compensated for unless the state tax take is high enough.

In order to improve the evidence base, CFG commissioned YS to engage in a project of ongoing work to understand the US iGambling market, specifically whether legal iGambling has displaced illegal iGambling, as the AGA claimed it would.

This CFG USA Report One is the first in a series of YS reports commissioned by CFG.



Yield Sec FACTSHEET: USA Online Gambling Marketplace 2023

LEGAL GAMBLING OPERATORS

103

LEGAL SPORTS BETTING & CASINO OPERATORS ACTIVELY TARGET USA

AFFILIATES PROMOTING LEGALS

119

AFFILIATES PROMOTE ONLY LEGALS THAT ACTIVELY TARGET USA

LEGAL GGR 2023



ILLEGAL GAMBLING OPERATORS

860

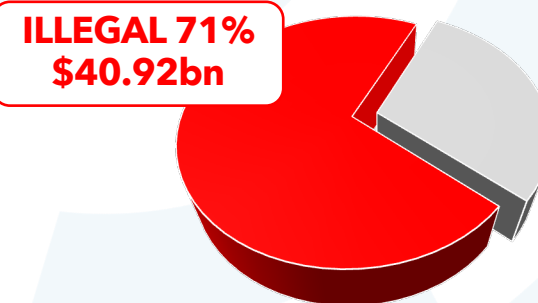
ILLEGAL SPORTS BETTING & CASINO OPERATORS ACTIVELY TARGET USA

AFFILIATES PROMOTING ILLEGALS

638

AFFILIATES PROMOTE ILLEGALS THAT ACTIVELY TARGET USA

ILLEGAL GGR 2023



SOURCE: Yield Sec - Proprietary data

www.YieldSec.com

Info@YieldSec.com

Charts & Graphics: Yield Sec on behalf of the Campaign for Fairer Gambling - 2024



Yield Sec: USA Online Gambling Marketplace



THE SLOW PACE OF LEGAL GROWTH INDICATES AN ACTIVE LEGACY OF BLACK-MARKET PRESENCE & REALITY ACROSS THE UNITED STATES MARKETPLACE FOR ONLINE SPORTS BETTING AND CASINO.

Yield Sec: USA Online Gambling - Benchmarking

LEGAL

TOTAL OPERATORS: 103

AVERAGE MINIMUM DEPOSIT: \$10

AVERAGE MINIMUM CASHOUT: \$10

**PRODUCT OFFERING:
RESTRICTED BY LAW & STATE
REGULATION**

**BONUS TERMS: RESTRICTED BY
STATE REGULATION**

ILLEGAL

TOTAL OPERATORS: 860

AVERAGE MINIMUM DEPOSIT: \$100

**AVERAGE MINIMUM CASHOUT:
\$130**

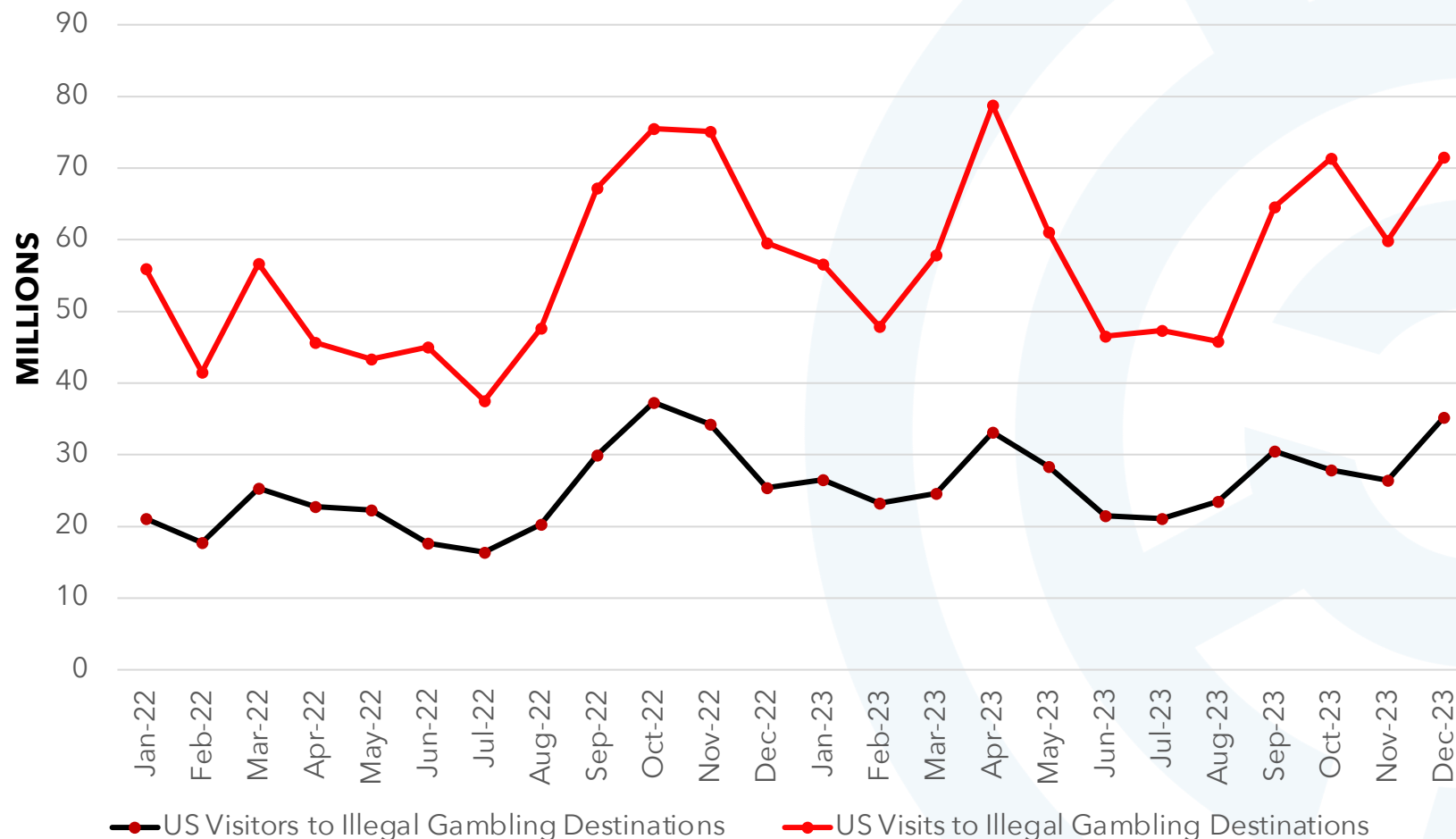
**PRODUCT OFFERING:
UNRESTRICTED BY LAW & STATE
REGULATION**

**BONUS TERMS: UNRESTRICTED BY
STATE REGULATION**

AMERICAN CONSUMERS HAVE BECOME USED TO THE BROAD MULTI-PRODUCT OFFERING FROM ILLEGALS, ACROSS THE PROHIBITION PERIOD ONLINE FROM 2005 TO 2018.

USA: Population Impact – Online Visits & Online Visitors

Visitors & Visits to Illegal Online Gambling Destinations - 2022/2023



POPULATION IMPACT: ONLINE VISITS & VISITORS

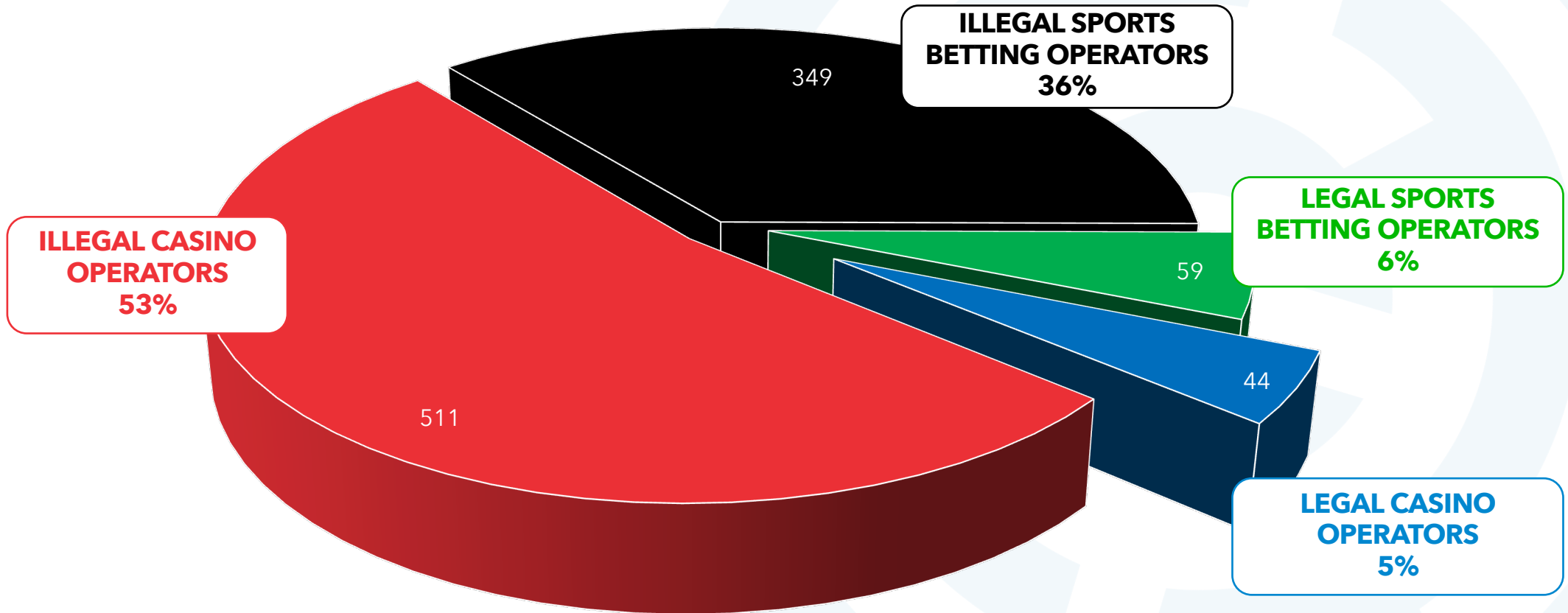
Over the last two years, visits to illegals have grown and moved between 38m and 79m visits per month with peaks as follows:

- Feb 2022: Super Bowl
- Oct-Nov 2022: NFL Season
- Feb 2023: Super Bowl
- April 2023: March Madness
- Sep-Oct 2023: NFL Season
- Dec 2023: NFL Season

2023: IN DECEMBER, 37.4 MILLION AMERICAN ADULTS INTERACTED WITH ILLEGAL GAMBLING - MORE THAN 11% OF THE TOTAL US POPULATION.

USA: Marketplace Product Split – Legal & Illegal Operators

Product Split of Operators 2023



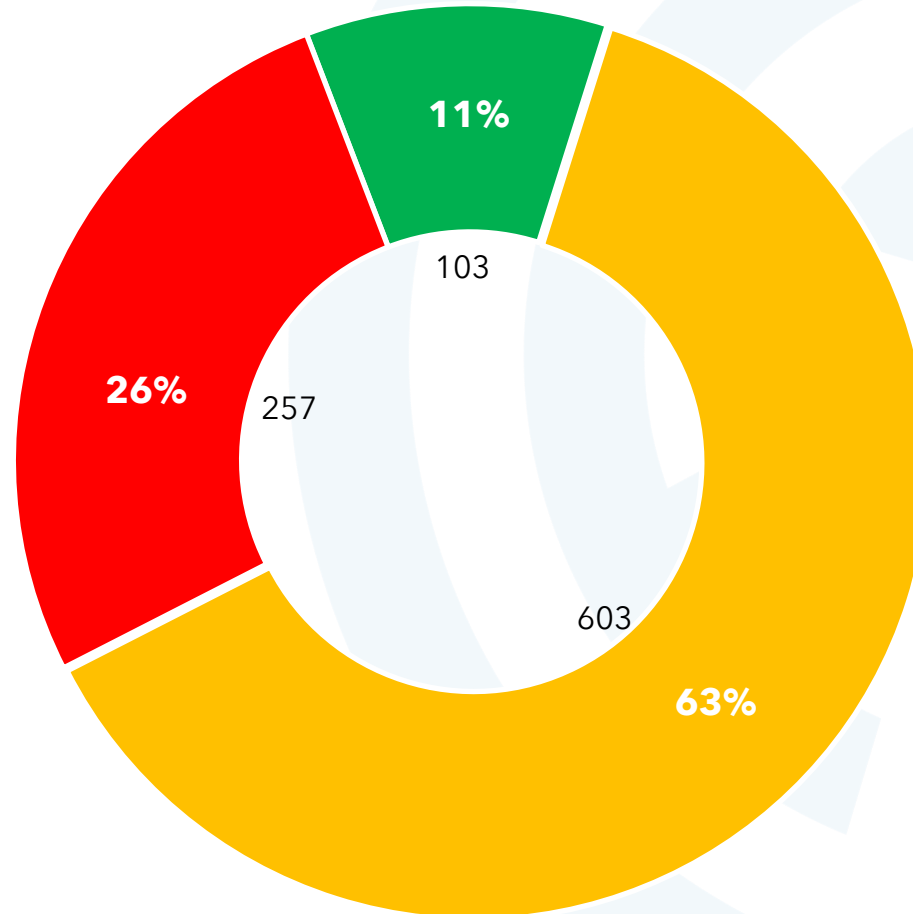
THE VAST MAJORITY OF ILLEGAL OPERATORS ARE MULTI-PRODUCT, FEATURING A SPORTSBOOK, CASINO AND MORE. HERE WE DEFINE THE PRODUCT SPLIT OF OPERATORS BY REFERENCE TO THE FIRST PRODUCT THEY OFFER TO POTENTIAL CONSUMERS. FOR EXAMPLE, A MULTI-PRODUCT OPERATOR WITH THE WORD "CASINO" IN THEIR BRAND NAME, URL ADDRESS AND APP NAME, AS WELL AS THE CASINO BEING THE FIRST PRODUCT SERVED ON CONTENT PAGES TO THE AUDIENCE, IS CLASSIFIED AS "A CASINO OPERATOR".

USA: Jurisdiction of Online Operators Targeting the USA

ONLINE OPERATORS THAT ARE:
-LEGAL IN THE USA -LICENSED IN THE USA -REGULATED IN THE USA
11%

ONLINE OPERATORS THAT ARE:
-ILLEGAL IN THE USA
-UNLICENSED IN THE USA
-UNREGULATED IN THE USA
-BUT LICENSED & REGULATED
SOMEWHERE
63%

ONLINE OPERATORS THAT ARE:
-ILLEGAL IN THE USA
-UNLICENSED IN THE USA
-UNREGULATED IN THE USA
-AND UNLICENSED &
UNREGULATED ANYWHERE
26%



Within Licensed & Regulated Somewhere:

Jurisdiction One

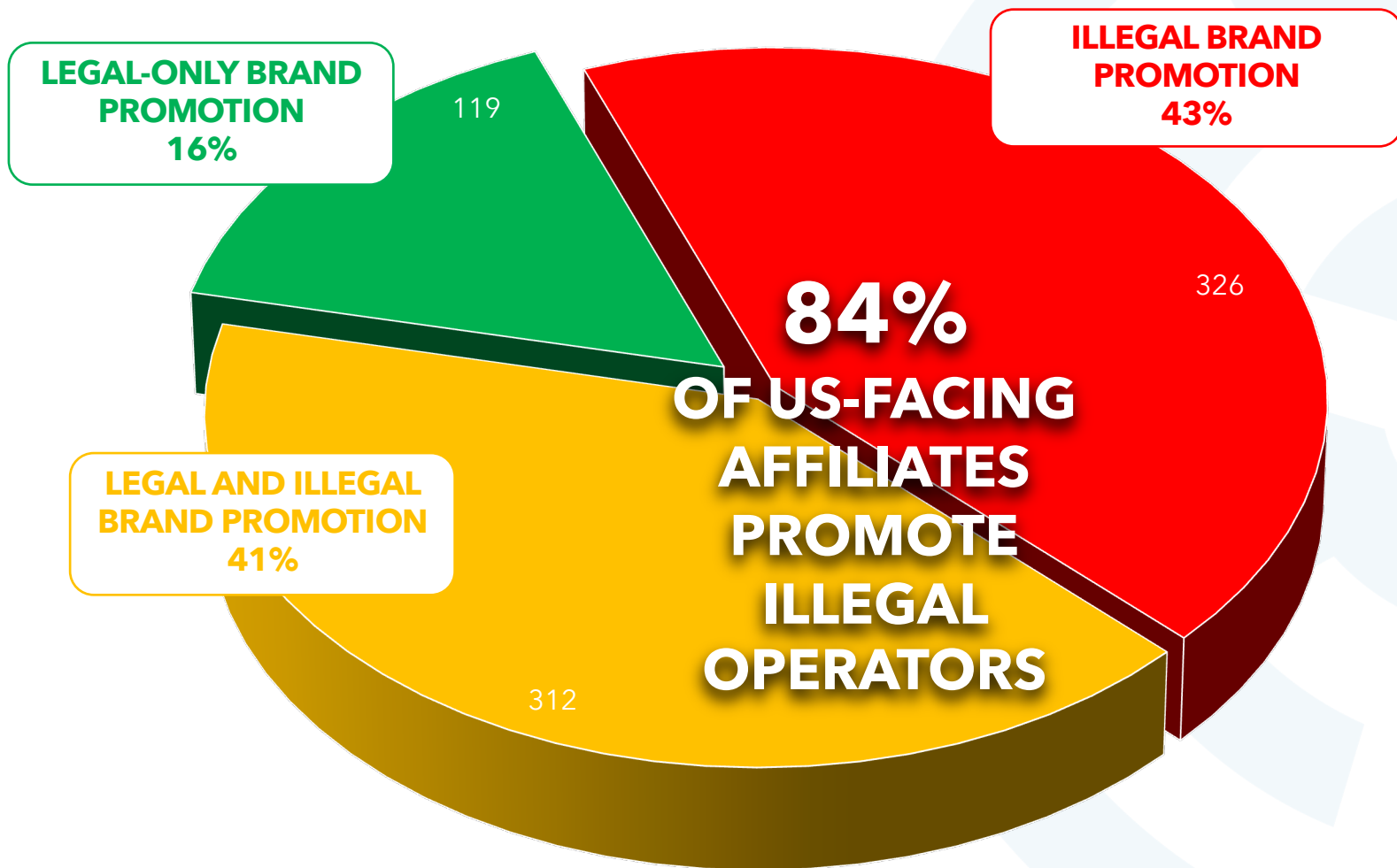
30%

Jurisdiction Two

25%

USA : Affiliates – 43% Promote Illegal Operators Only

Affiliates - 2022/2023

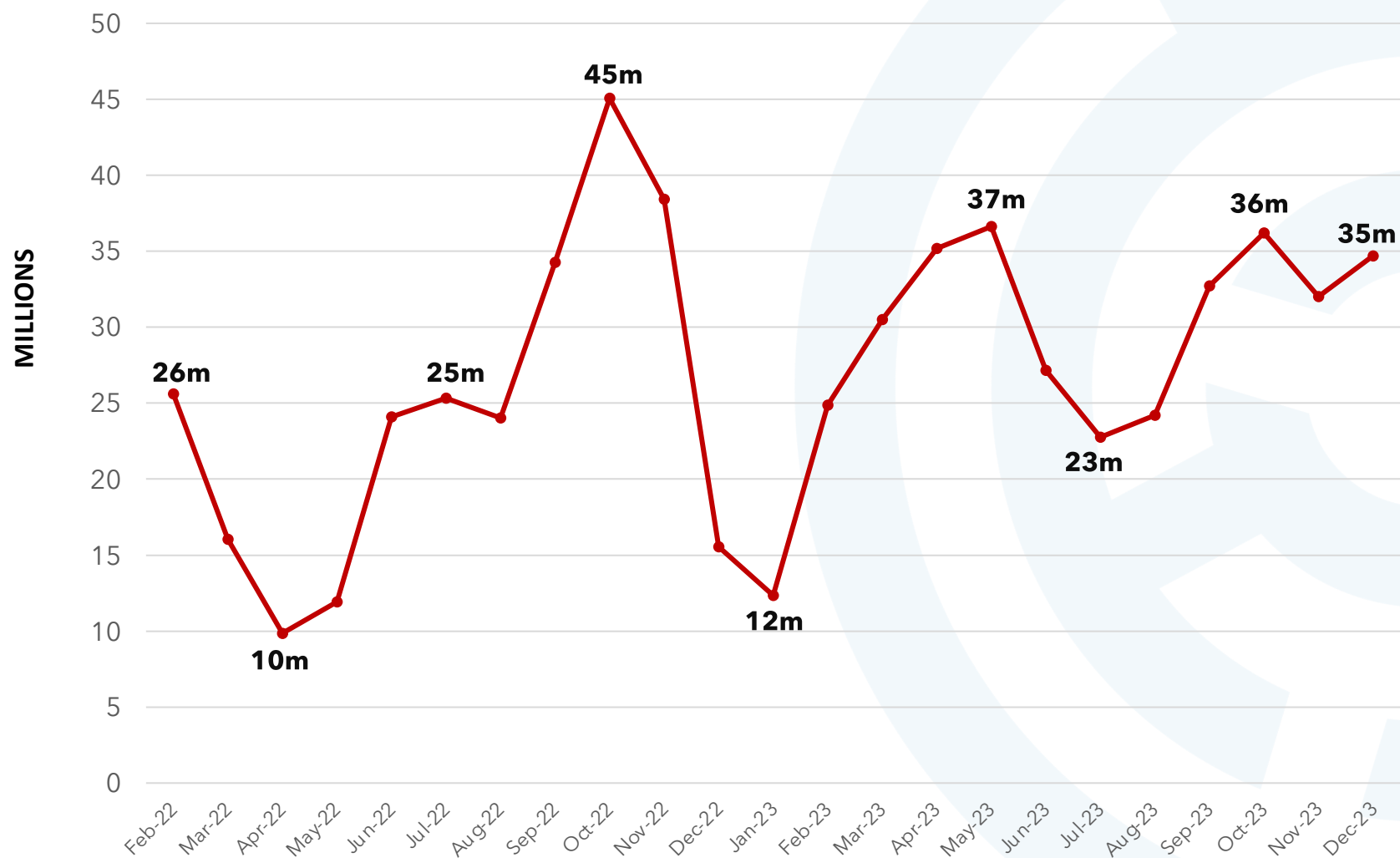


AFFILIATE PROMOTION

Of all affiliates actively targeting the USA, only 16% promoted legal, licensed options alone – yet their activity is drowned out to an overwhelming extent by those providing the oxygen of advertising to illegal brands in the form of recommendations, reviews, publicity, content conversations and bonus offer tables.

USA: Visits to Affiliates Promoting Illegals

Visits to Affiliates Promoting Illegal Operators - 2022/23



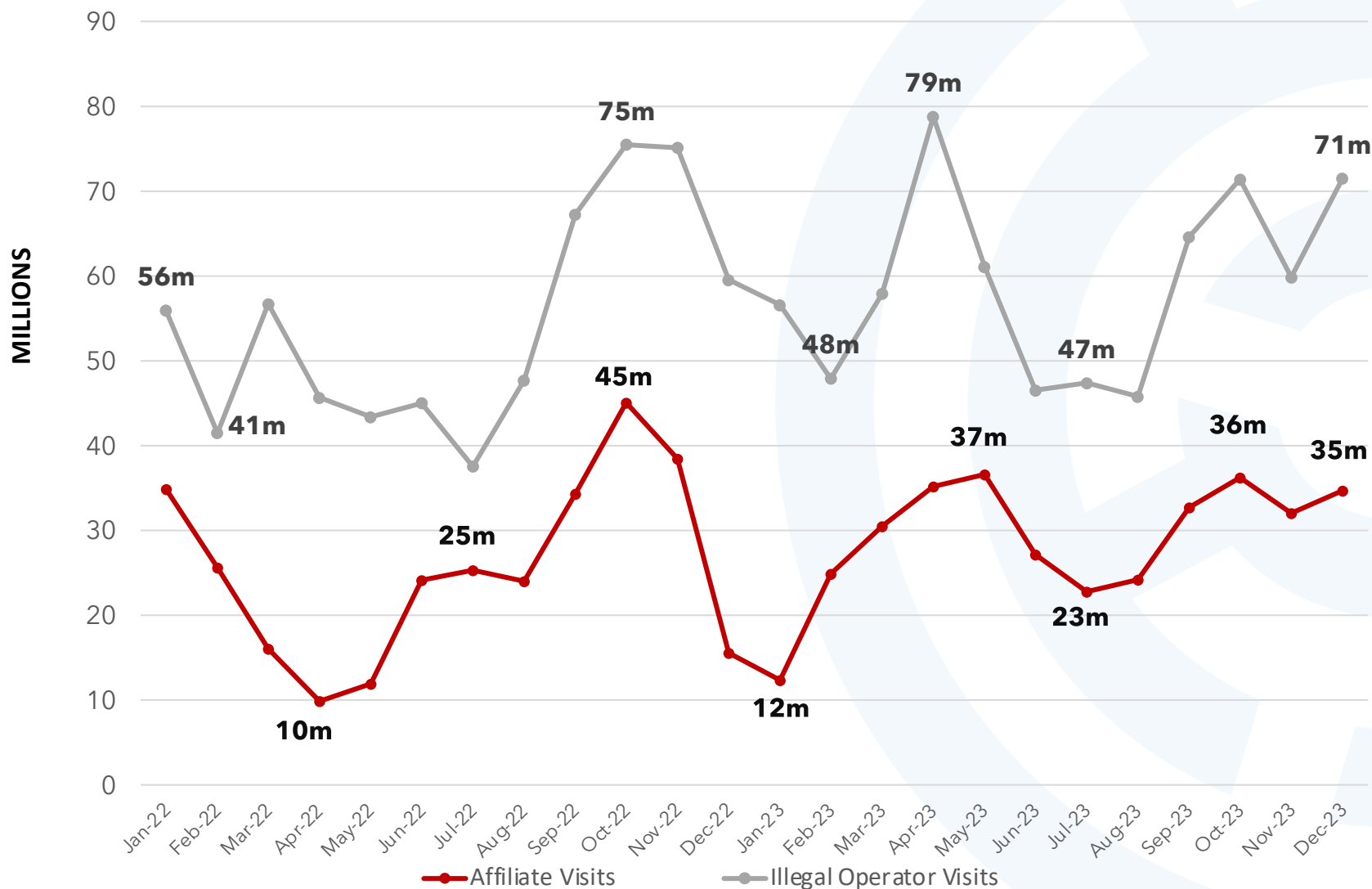
AFFILIATES PROMOTING ILLEGAL OPERATORS

Affiliates are a core driver for visits to illegal gambling operator destinations.

The data here shows a clear movement in line with the US sports calendar, with peaks across NFL season, the Super Bowl and March Madness as core drivers of audience towards affiliates for their compare, contrast and get the best “complimentary” offer from operators for consumers.

USA: Audience Engagement Via Affiliates

Visits to Affiliates Promoting Illegal Operators and Illegal Gambling Operator Visits - 2022/23



VISITS TO AFFILIATES PROMOTING ILLEGAL OPERATORS AND VISITS TO ILLEGAL OPERATORS

Every affiliate promotes dozens, often hundreds, of illegal operator destinations, as well as acting as a seeding source, across social and the internet, for mirrors and redirects.

It is clear from the data here, comparing visits to affiliates promoting illegal gambling operators, with visits to illegal gambling operators themselves, that there is a loud and positive echo upon illegal operators from their affiliate partners: over the period, the emerging trend is that for every single visit to an affiliate promoting illegal operators, there are at least two visits to illegal gambling operators.

In short, affiliates that promote illegals are a core driver of the reality of illegal operator presence, persistence and popularity.

SOURCE: Yield Sec - Proprietary data

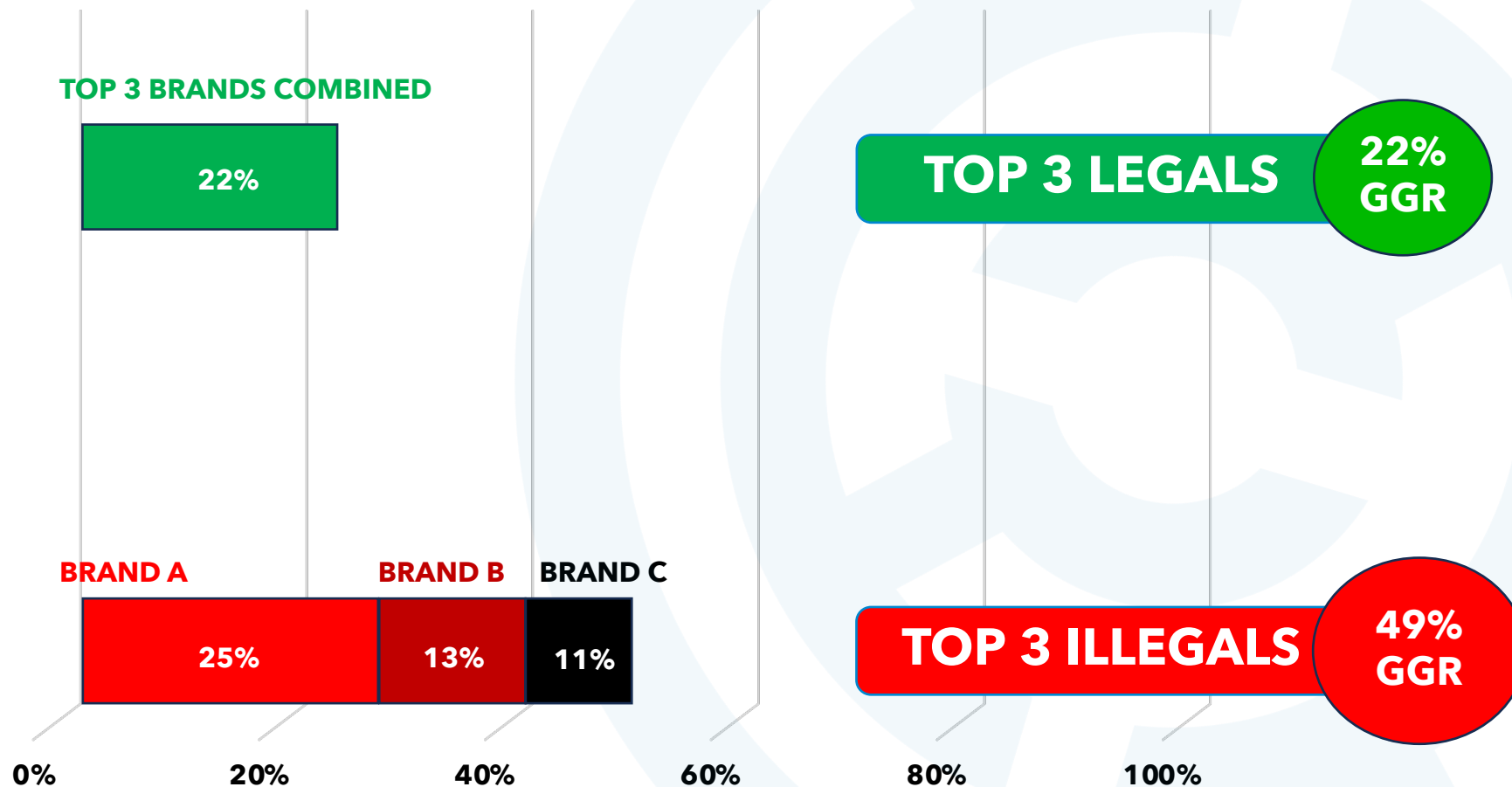
www.YieldSec.com

Info@YieldSec.com

Charts & Graphics: Yield Sec on behalf of the Campaign for Fairer Gambling - 2024

USA: Value – GGR – Revenue Channelization

USA: Legal and Illegal Brands – Revenue Channelization - 2022/2023



SOURCE: Yield Sec - Proprietary data

www.YieldSec.com

Info@YieldSec.com

Charts & Graphics: Yield Sec on behalf of the Campaign for Fairer Gambling - 2024



Yield Sec SUMMARY SHEET: USA Online Gambling Marketplace 2023

LEGAL GAMBLING OPERATORS

TOP 3 LEGALS
SUFFER FROM DILUTED MARKET SHARE
WHEN THE TOTAL MARKETPLACE OF
LEGAL BRANDS PLUS ILLEGAL BRANDS, ALL
OF WHICH ARE AVAILABLE TO USA
CONSUMERS, IS CONSIDERED

ILLEGAL GAMBLING OPERATORS

THE LEADING ILLEGAL

PRODUCES MORE GGR THAN
THE TOP 3 LEGAL BRANDS COMBINED

REGULATED OFFSHORE JURISDICTIONS

**2 REGULATED OFFSHORE
JURISDICTIONS**
HOST MORE US-TARGETING ILLEGAL
OPERATORS THAN THE USA HAS
LEGAL OPERATORS, IN TOTAL

AFFILIATES PROMOTING ILLEGALS

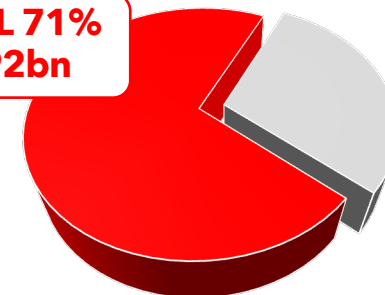
312 AFFILIATES
PROMOTE LEGALS AND ILLEGALS,
CREATING CONFUSED CONSUMER
PERCEPTION AND CHOICE WHILST
COMPROMISING LEGAL BRAND STATUS

**LEGAL GGR 2023:
LESS THAN HALF OF THAT
PRODUCED BY ILLEGAL OPERATORS**



**ILLEGAL GGR 2023:
MORE THAN DOUBLE THAT
PRODUCED BY LEGAL OPERATORS**

**ILLEGAL 71%
\$40.92bn**



Yield Sec FACTSHEET: Super Bowl 2024 – USA Only

THE UNITED STATES OF AMERICA 2024 SUPER BOWL: ONLINE GAMBLING MARKETPLACE

The market promise has not materialized for legal, licensed brands.

The audience still favor illegals, whose content and products are more frequented and used, given the greater bet choices and bonuses available with illegal operators.

Substitution from illegals to legal is simply not happening at the pace it should – illegals are used as brands of choice and convenience, with some substitution to legal for offers and account opening incentives, when available, as with the Super Bowl.

The range of sports and allied entertainment bets, such as with this year's focus on Taylor Swift Special Bets ("How many times will she appear on camera?, What color lipstick will she be wearing?"), is catered to by illegal operators, who use their advantages across search and social media to overwhelm the relevance and authority of legal brands.

Illegals are, quite simply, everywhere that the Super Bowl conversation is taking place online, and very close by with transactional opportunities for all Americans.



Yield Sec FACTSHEET: Online Gambling Marketplace – 2024 – Super Bowl Only

SUPER BOWL 2024: 350m BETS PLACED

ILLEGAL BETS

228 Million Bets Placed with Illegal Online Operators

LEGAL BETS

122 Million Bets Placed with Legal Online Operators

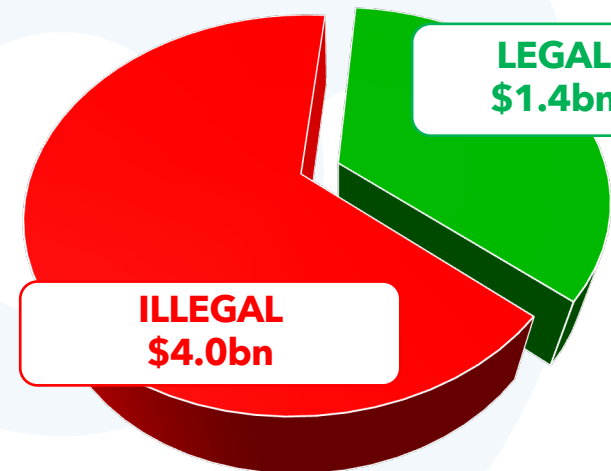
ILLEGAL: 42 MILLION MORE BETS THAN 2023

ILLEGAL: \$546m INCREASE IN TOTAL VALUE OF BETS PLACED

LEGAL: 22 MILLION MORE BETS THAN 2023

LEGAL: \$258m INCREASE IN TOTAL VALUE OF BETS PLACED

2024: VALUE OF SUPER BOWL BETS PLACED \$5.4bn



SOURCE: Yield Sec - Proprietary data

www.YieldSec.com

Info@YieldSec.com

Charts & Graphics: Yield Sec on behalf of the Campaign for Fairer Gambling - 2024





Yield Sec FACTSHEET: Online Gambling Marketplace – 2023 – Super Bowl Only

SUPER BOWL 2023: 286m BETS PLACED

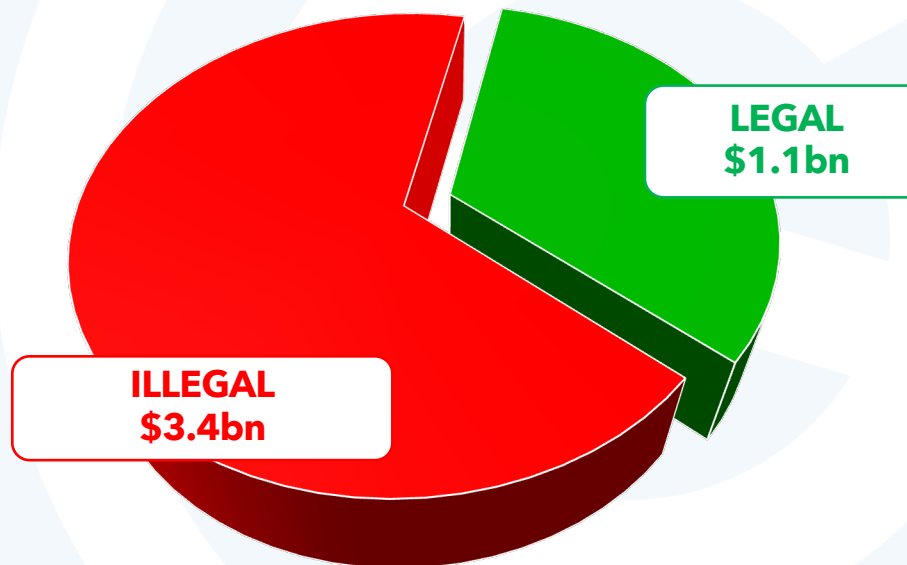
2023: VALUE OF SUPER BOWL BETS PLACED \$4.5bn

ILLEGAL BETS

186 Million Bets Placed with Illegal Online Operators

LEGAL BETS

100 Million Bets Placed with Legal Online Operators



SOURCE: Yield Sec - Proprietary data

www.YieldSec.com

Info@YieldSec.com

Charts & Graphics: Yield Sec on behalf of the Campaign for Fairer Gambling - 2024



Yield Sec: USA – Coming Next



US STATE

**LEGAL FOR
ONLINE
SPORTSBOOK
ONLY**

US STATE

**LEGAL FOR
ONLINE SPORTS
BETING &
CASINO**

US STATE

**ILLEGAL FOR
ONLINE SPORTS
BETTING &
CASINO**

THE NEXT YIELD SEC REPORT FOR THE CAMPAIGN FOR FAIRER GAMBLING WILL FOCUS UPON STATE VARIATIONS RELATING TO THE ONLINE BETTING & GAMBLING MARKETPLACE IN THE USA.

The Campaign for Fairer Gambling: USA - Conclusion

It is not unrealistic to guesstimate that the amount lost to illegal iGambling, having been around for over a quarter of a century that, without any interventions, the point will soon be reached where the lifetime total loss to US gamblers is over \$1 trillion.

These funds have been extracted from the US economy and exported offshore with all the negative consequences of the socio-economic costs and personal harms being imported.

US legal iGambling has failed to deliver the projected tax take and failed to minimize the illegal market - the two primary grounds for legalization advocated by proponents.

The US Treasury recently issued a National Money Laundering Risk Assessment which included a section on online gambling risk.

For an estimate of illegal online gambling, it relied on the flawed 2022 AGA report.

In a CBS 60 Minutes interview, the head of the AGA, Bill Miller, claimed there was a "migration" from illegal to legal, but this is happening slowly and minimally.

Derek Webb of CFG states:

"The AGA asks the DoJ to protect the interest of members, whilst it and members oppose the Federal Betting Excise Tax, which was created to provide funds to combat illegal gambling. At the same time, AGA members have commercial relationships with affiliates who also have commercial relationships with illegals. Until regulators get around to preventing these relationships, the AGA should make it a membership standard to not have relationships associated with gambling illegality.

I am proud to have the opportunity to work with Yield Sec to bring forward the powerful evidence in this Report."

Yield Sec: About Yield Sec

We developed the Yield Sec (short for “yield security”) actionable intelligence platform from a proven military-grade tech and AI stack, used for anti-terrorism and counterinsurgency, to combat what we identified as an analogous problem: the commercial insurgency represented by illegal, black-market gambling operators.

How does it work?

1. **Monitoring:** Our technical platform scours the internet for relevant betting and gaming keywords and phrases to find all instances of commercial and referral gambling content, traffic, audience, advertising popularity and more.
2. **Reporting:** Content is analysed, categorized and classified into legal and illegal groups, at the top level, and into splits by sports, product, event and more.
3. **Prioritizing:** Once separated into what comes from legal operators and what comes from illegal entrants, the platform uses AI, machine learning and expert human intervention to rank, order and value threats to the individual stakeholder, and the ecosystem overall. The Yield Sec Matrix prioritizes these threats to revenue, market share, player and audience protection, compliance, responsible gaming and potential taxation at the State and National level, based upon the calendar and events cycle. Content featuring advertising for illegal Super Bowl bets in late January in a US State then, is a far higher priority than content pushing illegal Pai Gow Poker in any US State at any time of year.
4. **Enforcing:** Prioritization presents a detailed view of what content needs to be controlled and remedied at the legal operator level (non-compliant advertising from referral partners, for example), and what content needs to be cleared and removed from illegal operators, period. To facilitate removals of illegal content, Yield Sec works alongside media partners, regulators and law enforcement across search, social and digital media platforms which supply the “oxygen” of advertising, availability and destinations.

The point?

When consumers want to bet on sports, casino or lottery online, they should find fair and safe online betting and gaming in every regulated marketplace.

Today, not every betting, gaming and lottery app or website is legal.

This impacts local commerce and community in every jurisdiction: onshore jobs, supply chain, oversight and control, and the fundamental societal quid pro quo: the receipt of regulated revenue and taxation. This financial commitment of provision for onshore commerce, community and consumer safety is what society requires for gambling to be present and sustainable. Its removal by illegal operators is not a “grey market”, a “black market”, “loss” or “leakage”. It is theft.

Yield Sec: Methodology

The following methodology modules are part of the Yield Sec platform:

- **IDENTIFICATION**
 - Online Analytics
The world's largest database of contextual and relevant search terms for betting, gambling and lottery content. This seeds all online monitoring.
 - Online Monitoring
Meta-level and anonymous surveillance of all betting, gambling and lottery activity within a jurisdiction, based upon human users and their dwell time, activity and interaction with gambling content across search, sites, apps, ads, social media, video content platforms, payment wallets and providers, and audience user groups. This surveils all online content connected to online gambling.

- **QUALIFICATION**
 - Content Analysis
The proprietary Yield Sec Matrix, built on AI, machine-learning and expert human team inputs, assesses features of gambling content for:
 - Legal status: Legal or Illegal
 - Content Status: Affiliate or Operator; Advertising or Referral Content; Sponsorship or Direct Placement; User-generated Content or Corporate-generated content.
 - Products & Pricing: Sports betting, casino, table games, slots, live dealer, poker, lottery, predictor, fantasy sports, social casino, and more.
 - Offers and bonuses.
 - Payments: Minimum deposit and cash-out thresholds; payment types; fiat currency and crypto currency.
 - Audience Activity Analysis
Traffic monitoring and journeys, aggregate user journeys, dwell time, page journeys, transaction interaction, payment interaction.

- **QUANTIFICATION**
 - Activity and Revenue Analysis
The Yield Sec platform assesses all activity across legal and illegal gambling interaction to arrive at a benchmark Yield Sec Value Per Visit (VPV) for audience activity across:
 - Traffic: The data underlying unique human activity from online gambling.
 - Revenue: The data underlying spend behavior from online gambling.
 - Market share: How channelized is the marketplace, how much activity and revenue accrues to legal sources, versus illegal and unlicensed ones?

Yield Sec: Notes on this Report

The following key notes apply across Yield Sec data:

- **SIMPLE FINANCIAL DEFINITIONS**
 - "Handle" - relates to the value of bets placed by consumers with online gambling operators. "Hold" - relates to the value left behind with online gambling operators, after customer winnings have been repaid. "GGR" - relates to Gross Gaming Revenue, or Customer Bets MINUS Customer Winnings EQUALS Gross Gaming Revenue.
Please note that in this Report, where US\$ values are mentioned, GGR is the financial standard used throughout. The only exception occurs on pages 16 and 17, covering the 2023 and 2024 Super Bowls, where the value of bets placed, or Handle, is only referred to.
- **TARGETING & TRANSACTING**
 - Only operators who actively target the USA through audience profiling, advertising, affiliate deals, audience accessibility (with and without a VPN) and featuring verified US resident payment abilities are classed and included as "illegal operators".
- **AVAILABLE BUT NOT TRANSACTING**
 - Operators who have an accessible website/app but without any active commercial ability (to place bets, make transactions and effect revenue) are not classed or included as "illegal operators".
- **MIRRORS & REDIRECTS**
 - All active and transactable destinations for illegal online brands are included in the number of total destination domains.
- **ONLINE GAMBLING OPERATOR OR SPORTS BETTING OPERATOR**
 - Effectively an "online gambling brand" - one website and app count as one destination. For illegals, with redirects and mirrors under distinct brand URLs, each single, separate destination, transactional website/app is counted as one destination.
- **ACCURACY**
 - Our analysis derives from data obtained from our online surveillance as well as from third party licensors. Our assessment of large complex online marketplaces is limited by the availability and completeness of data. We are confident, however, that our platform provides by far the best analysis of online marketplaces possible.

Contacts & Questions



Website
FairerGambling.com

General Contact
info@fairergambling.com

Press
info@fairergambling.com

For US Legislators
brianne@consultbds.com

Fairer Gambling is funded by Derek Webb LLC (CA 202356017711)

Derek Webb LLC
Suite 800, 8383 Wilshire Blvd, Beverly Hills, CA, 90211, USA



Website
YieldSec.com

General Contact
info@yieldsec.com

Press
info@yieldsec.com

Head of Press
Yasmine Scott
yasmine.scott@yieldsec.com

Yield Sec is a technical marketplace intelligence platform from Yield Sec Global Inc.
Suite 150, 4610 S.Ulster St, Denver, CO, 80237, USA