



## NEWS

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### **Fantasy Sport Gaming Bill opens door for syndicate infiltration and political corruption**

#### **For Immediate Release**

**Chicago, IL – Wednesday, May 4, 2016** – The Chicago Crime Commission is warning that if the daily fantasy sports gaming legislation that is being considered in the Illinois House becomes law, crime syndicate infiltration and political corruption will follow. Any state-sanctioned gambling must be beyond reproach, and the current Internet gambling bill to legalize fantasy sports operators (HB 4323) does not meet this standard.

“The State of Illinois has worked diligently to keep organized crime out of its regulated gambling industries, and the background check loophole in the bill must be closed to keep mobsters out of Internet gambling,” according to J.R. Davis, President and Chairman of the Chicago Crime Commission. “The Internet gambling legislation to benefit fantasy sports undermines integrity in gaming by skirting background checks and should not pass as drafted,” he said.

House Bill 4323 only requires owners of fantasy sports companies to undergo background checks, not key employees, contractors and vendors. The fantasy sports industry pays hundreds of millions of dollars in referral fees and millions in other gaming-related contracts. It is critical that all operations of fantasy sports sites be subject to review by the Illinois Gaming Board to prevent criminals from making millions from Internet gambling.

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“Without a comprehensive background check system in place and requirements that key employees, vendors and contractors be licensed, criminals will infiltrate this new state-sanctioned gambling, endangering the health and safety of Illinois residents and businesses. To think that they won’t is shortsighted and ignores the ongoing efforts of organized crime to legitimize their operations,” Davis added. “The companies should be held to the highest standards regarding who they do business with, and every aspect of their operations should be reviewed by regulators. Without comprehensive reviews and background checks, operators can avoid responsibility for working with known criminals.”

The Crime Commission is also urging the General Assembly to consider the implications of legalizing companies that acted in violation of longstanding Illinois law. Attorney General Lisa Madigan determined recently that daily fantasy sports is illegal under Illinois gambling laws. “This bill creates a dangerous risk by legalizing companies that knowingly broke the state’s criminal code and conducted illegal Internet gambling,” said Davis. “By not requiring these companies to pay back taxes and pay a fine, the state will encourage additional individuals to break the law and conduct illegal online betting, build a customer base and then ask for legalization. It’s a terrible precedent that criminals will exploit in the future, and it would render the state’s anti-gambling statutes ineffectual,” he concluded.

The Chicago Crime Commission believes the daily fantasy sports bill should not pass until the following provisions are added:

- Background check requirements must be strengthened to keep criminals out of the state’s new Internet gambling regimen. All key employees, vendors, and contractors, including referral sources, must be subject to rigorous background checks. The background check loophole must be closed.
- Uniform and stringent gambling rules must be imposed on all gambling providers in the state to keep criminals, gangs and felons out of any state-sanctioned gaming. Having different standards creates an environment for criminals to enter this lucrative industry and legitimize their operations. The state must not lower its standards to accommodate a handful of Internet gambling providers as doing so invites criminals to infiltrate the state’s gambling industry.
- Operators of state-sanctioned gaming must not be allowed to conduct business until a complete background check has been completed. The current bill has a loophole that allows all sites currently operating to continue doing business pending the background check. The Illinois Gaming Board should be given the time to conduct the necessary background checks and establish rules about Internet fantasy sports gambling.

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- Penalties must be imposed for conducting illegal gambling operations in the past. Without back-taxes, a substantive fine and other significant penalties, a risk will be created that encourages criminal violations of the state's gambling code. Companies should not be rewarded for breaking the state's anti-gambling statutes and asking for permission to operate after running betting pools.

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