



An Open Letter to Senator Tommy Tomlinson

As advocates for a safe and regulated online gaming market, we welcome a healthy dialogue with legislators on the issue. But, we expect that discussion to be based on facts. Nobody is interested in being lectured. Unfortunately, the [letter you sent](#) to Members of the Pennsylvania House (dated November 18, 2016) was simply that – a lecture regurgitating myths about online gaming.

Worse, it was a thinly-veiled attempt to kill online gaming in the Commonwealth under the guise of calling for more discussion.

The letter also confuses the larger public policy issue. The Commonwealth of Pennsylvania must find ways to raise revenue, fund education and create jobs without raising taxes – online gaming accomplishes all of this. The absence of regulation leads to a black market without safeguards and consumer protections. Over the last several years numerous black market sites have shutdown, robbing consumers of their money. Regulation allows the Commonwealth to corral the current unregulated marketplace and turn it into a system that is safe for consumers and accountable to regulators.

The fact of the matter is that online gaming has been the subject of nearly 30 hearings and three years of debate in Harrisburg. It's arguable that no other single issue before the legislature has been debated or vetted more than this one. Despite that, your letter is bent on parroting the misleading – and often discredited – talking points of the same special interests who have contributed millions of dollars to politicians, like yourself, in Harrisburg to oppose online gaming regulation for their narrow business interests and at the expense of consumers and the Commonwealth.

It is time to confront the facts.

First, the premise of your letter is that the Pennsylvania gaming industry is so great it can never be improved. Respectfully, it's time to remove the blinders. New Jersey and Delaware have already approved online gaming, and states like New York, California, Michigan and now Massachusetts are exploring it closely. Legislative inaction will end up killing the "golden goose" you brag about in your letter.

If Pennsylvania voting for Democrat Presidential candidates since 1992 and Donald Trump in 2016 taught us anything, it would be that circumstances change and it is the responsibility of those in government and the private sector to change with them or get left behind. That especially goes for the rapidly evolving world of gaming.

Not to mention with a state budget deficit of at least \$500 million and quickly growing towards \$1 billion, and the Independent Fiscal Office warning of a \$3 billion annual gap by 2022, your approach of Pennsylvania choosing to do the same thing over and over and over again would qualify for Einstein's definition of insanity.



Second, your accusation that online gaming cannibalizes brick-and-mortar casinos is 100% false. Worse, you know it's false. You have undoubtedly met with gaming enforcement officials and casino executives in Pennsylvania, New Jersey, and around the country who have debunked this myth to you directly. You have also participated in public hearings where these issues were discussed and explained by experts. Yet, you still had the audacity to repeat the charge in your letter despite knowing it's inaccuracy.

Senator, that is shameful.

A recent report issued by the New Jersey Division of Gaming Enforcement (NJDE) demonstrates quite clearly that not only is online gaming growing, but the revenue it is generating is enhancing brick-and-mortar properties, not hurting them.

The October 2016 Total Gaming Win for current operators increased by 5.9% compared to October 2015. Internet Gaming Win increased by 29.6% over that same time. The Year-to-Date numbers are also up – with the Total Gaming Win of current operators growing by 3.1% and Internet Gaming Win growing by 32.5%. It is important to note that Atlantic City properties with an online gaming partner are experiencing more substantial revenue growth than casinos without an online gaming platform.

Still not convinced? Below you will find a cross section of studies and opinions putting this cannibalization lie to rest once and for all.

In December 2013, the Pennsylvania Legislative Budget and Finance Committee authorized Econsult Solutions, Inc. to study this very issue and found the following:

- *“iGaming may not only be benign in terms of land-based gaming but actually be synergistic and generate an increase in casino foot traffic and land-based revenues as new gamers become comfortable with playing poker.”*
- *“The fact that iGaming caters to a market of new gamers presents casinos with an opportunity to attract new customers. In particular, the younger and higher income demographics of online gamers makes them an attractive demographic for land-based casinos whose crowds tend to be older.”*

In a March 2015 hearing in front of the PA House Gaming Oversight Committee, a group of casino executives offered their own expert, professional opinion on this very issue. Their assessment: That online gaming is likely to increase, not cannibalize, existing gaming revenues. (*Times Herald*, “Casino executives testify on possibility of online gaming in Pennsylvania,” March 19, 2015)

Finally, a letter dated October 13, 2015 was signed and circulated by respected executives from Harrah's Philadelphia, Mount Airy, Lady Luck, Preque Isle, Rivers, Sugar House and Valley Forge



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stating that “online gaming is likely to increase – not cannibalize – overall revenues and taxes. And it will create cross marketing opportunities for licensees and improve distribution channels for operators to all customer segments.”

(Note: If Parx Casino, which you often cite in your arguments, thought online gaming was bad for their business, then why do they have a social gaming offering to help cross promote their property to people out-of-state?)

Senator, make no mistake, your stubborn and misguided efforts to block online gaming are already causing economic damage to brick-and-mortar casinos, and will only cause even more grave damage in the future.

Third, and speaking of damage, the most egregious part of your efforts to block online gaming are how those efforts allow for the continued victimization of Pennsylvania consumers – including minors and problem gamblers. Like someone who ignores reality and points at the horizon to convince themselves the earth is really flat, you refuse to acknowledge the obvious: That thousands, if not tens of thousands, of Pennsylvanians are gambling online illegally right now. Unfortunately, the Commonwealth is not realizing any revenue from their play, nor is law enforcement able to do anything to protect these players from identify theft or fraud.

We recommend anyone reading this letter go to Google and type in the words: “Gambling online in Pennsylvania” – in doing so, you will see any person with an internet connection, including minors, can go online right now and gamble online in Pennsylvania. Moreover, you will find these illegal sites explicitly telling visitors that online gaming is “not illegal” in the Commonwealth.

Frankly, Senator, it is hypocritical to talk about protecting consumers, as you do in your letter, but then only choosing to try and protect them if they physically walk through the doors of a casino aligned with special interests who support your political ambitions.

The time has come for Pennsylvania to enact sensible regulation of online gaming. We hope that you and your Senate colleagues recognize that any further delay comes at the expense of consumers and taxpayers.

Sincerely,

A handwritten signature in black ink that reads "John Pappas". The signature is written in a cursive, flowing style.

John A. Pappas
Executive Director, Poker Players Alliance