

# Federal Lawyer Says Sports Leagues Likely To Dominate U.S. Market

19TH MAY 2015 | WRITTEN BY ONY BATT

The NFL and other major professional sports leagues will eventually own companies like FanDuel and DraftKings and dominate the U.S. daily fantasy and sports-betting markets, according to assistant U.S. Attorney Aaron Zelinsky of Maryland.

Zelinsky, who was speaking in a personal capacity and not as a representative of the U.S. government, cited recent multi-year deals between pro-sports teams and FanDuel, as well as the partnership between Major League Baseball (MLB) and DraftKings.

"[The leagues] haven't done this because they have a passing interest in fantasy sports," Zelinsky said during an appearance Friday on a sports-betting panel at the 41st annual conference of the Sports Lawyers Association in Baltimore.

"They've done this because the way that [sports betting] is going to be commoditized is [the leagues are] going to own some of these fantasy operations, and they already do," Zelinsky said.

Each of the major sports leagues already offers traditional fantasy contests via their websites.

Meanwhile, the National Basketball Association has assumed equity in FanDuel and the MLB in DraftKings as part of exclusive marketing agreements.

The NFL so far has been more coy about embracing daily fantasy sports.

Referring to the classic movie "Casablanca", Zelinsky said NFL Commissioner Roger Goodell, who opposes wagering on his league's games, seems to have an "Inspector Renault-like take" on sports betting.

"He's shocked that there would be any gambling going on related to professional sports!" Zelinsky said.

"But the reality is that that's the way [the leagues] are going to make their money — they're going to own the book."

The soaring popularity of daily fantasy sports has already added to the momentum for legalizing sports betting, which is currently allowed only in Nevada, Delaware, Montana and Oregon.

State lotteries could be a harbinger of how sports betting will evolve in the United States, according to Zelinsky.

After New Hampshire legalized the first state lottery in 1964, 11 other states followed suit by 1975. Today, lotteries exist in 44 of the 50 states.

"I think it will be even quicker," Zelinsky said of the legalization of sports betting by states.

"That is, I'm not sure when the dam is going to break but I think it will break very quickly."

The thumb may come out of the dike when the [3rd U.S. Circuit Court of Appeals](#) in Philadelphia releases its decision on New Jersey's bid to legalize sports betting. A decision on the case, which was argued on March 17, is expected any day now.

If the court rules in favor of New Jersey, other states and possibly Indian tribes are expected to move to permit sports betting in their jurisdictions.

Various estimates have valued the unregulated U.S. betting market as high as \$350bn to \$500bn, although experts are skeptical of such sums.

Those numbers are made up and survive by repetition in the media, according to Joe Asher, CEO of U.S. operations for William Hill, the UK betting giant.

"The size of this illegal market is just a big question mark," Asher said on May 6 at the [Southern Gaming Summit](#) in Biloxi, Mississippi.

Also in doubt is just how profitable the daily fantasy sports market will turn out to be, according to Asher.

While DraftKings and FanDuel are spending massive sums on advertising, "the one company that is making money in ... fantasy today is ESPN," which airs their commercials, Asher said.

A growing concern for daily fantasy sports is that 80 percent of the winnings are going to only 5 percent of the players. Algorithm-crunching players who are immersed in sports analytics enjoy a huge advantage over more casual competitors.

"Sharks swallow minnows," said Dan Wallach, a gaming attorney with the Fort Lauderdale, Florida, firm of Becker & Poliakoff.

This trend increases the demand for **insider information** from teams, and could lead to a devastating scandal, Wallach said.

"I believe that's the single greatest threat to the daily fantasy sports industry, which in turn, makes it the single greatest threat to the viability of legal sports betting," Wallach said in Baltimore.

"If daily fantasy sports become vulnerable in any way because of a controversy or a legal issue, that may shut down the momentum for legal sports betting."

**Geography:**

UNITED STATES

**Sectors:**

SOCIAL/FANTASY GAMING

ONLINE GAMBLING

OTB AND BETTING SHOPS

CASINO

**Content:**

REGULATORY NEWS

**Spotlight Subject:**

U.S. SPORTS BETTING & FANTASY SPORTS