INTERVIEW WITH BILL MILLER ON THE EVOLVING LANDSCAPE OF GAMBLING IN THE UNITED STATES

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STEVE RUDDOCK: To start, could you give the readers a general overview of the American Gaming Association and your role as the president and CEO?

BILL MILLER: The American Gaming Association (AGA) is the premier voice for the gaming industry. The Association includes both commercial and tribal operators, as well as suppliers and manufacturers, and represents much of the \$261 billion industry that is gaming in the U.S. Everything from casino table games to lotteries to sports betting.

The AGA was formed in the 1990s and there have been three CEOs. I'm privileged to be the third CEO. It was formed originally in Las Vegas, and the original CEO was Frank Fahrenkopf, who served for 18 years. Geoff Freeman, who was my predecessor, was here for five.

And it's a dynamic industry. The casino industry is in 40 some states, whether it's commercial or tribal. And with sports betting, we have 20 states, plus DC, having approved sports betting. It's a really exciting industry that includes everything from technology to tradition to Las Vegas to sports and mobility.

STEVE RUDDOCK: And how has the AGA evolved since its founding? In the early days it was mainly a

land-based casino advocacy group, and now it's evolved to cover a wider spectrum of gaming.

BILL MILLER: The AGA was formed almost entirely as Las Vegas operators, but the membership has evolved, and quite frankly, the gaming landscape has evolved. What we've seen in the 20-some years since, is broad growth in the industry with 40-plus states that have either commercial or tribal casino-type activities.

Early on, the advocacy was Nevada-centric or Las Vegas-centric. Now it is one in which we're in communities across the country. That allows the industry and the AGA to expand our remit from being purely Vegas-centric to an industry and association that can tell a narrative about the potential benefits to communities from Oklahoma to Pennsylvania to Florida to California.

STEVE RUDDOCK: It seems like there's another push for expansion, whether that's land-based casinos in Southern states, lottery expansion, or sports betting. As expansion is discussed, what are the key policy questions that come up in the state legislatures, and how does the AGA help states understand gaming?

BILL MILLER: Well, I think it's important to state that the American Gaming Association was founded around the protection of and the preservation of maintaining gaming as a state- or tribal nation-regulated industry. While Congress has from time to time involved itself in the industry, we've got 4,000 regulators that spend every day working in partnership with our member companies and legislatures to ensure that the public is protected and that our industry is allowed to flourish.

The AGA intentionally makes sure that Congress has an understanding of that, and as it relates to the individual states, we do everything that we can to articulate the benefit that our industry creates for patrons, for jobs, for tax revenue, and the economic benefit. But mostly we do everything that we can to stay in a pre-competitive space.

That's important because our members fight hard in these states for the right, and ability, to compete with

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one another. As these states look at expanding either sports betting or casino operations, it's important for us to show them what their citizens could benefit from and what the industry has seen as far as best practices. But we go to great lengths to make sure that we stay out of the nitty-gritty of legislating in state capitals.

STEVE RUDDOCK: So more or less, it comes down to once a state introduces some type of legislation or pre-draft of a bill, you would go in and just kind of explain the best practices that have worked in other areas?

BILL MILLER: Yeah, I think that's fair. One thing that we are starting to see in the industry is that because we're in 40-plus states, you're starting to see a much more mature gaming industry. The states that have not yet legalized gaming in some form become a little bit more interesting.

The other element is in the states in which gaming is already legal and operational. In those states, you want to make sure that the businesses that have been authorized by statute are not diminished when states come back and revise their gaming laws. You want to make sure that the capital investments they made are taken into account when those gaming laws are revisited.

STEVE RUDDOCK: You touched on federal, um, involvement and over the years I've noticed the AGA has done a really good job of messaging when there is either a federal law that already exists or one they're contemplating. A couple examples being the slot tax thresholds or the repeal of PASPA [Professional and Amateur Sports Protection Act] for sports betting. How important is it to formulate those talking points when it comes to getting the message out to the public and making people understand what's at stake?

BILL MILLER: I think it's being able to tell the positive impact story of our industry to members of Congress. Those members oftentimes don't necessarily appreciate our industry for what it is today. Sometimes they think of our industry from our colorful past or they have some stereotypical view of our industry through TV or movies. The reality is we are a really strong and important economic engine in communities all across the country.

It's important to make sure we can tell a factual, evidence-based story about what the community looked like before gaming came in and what it looks

like now. We believe that is a very compelling story to tell legislators, but it's one that we need to do a better job of making sure they understand.

STEVE RUDDOCK: And you kind of touched on this a little bit, but it seems like some lawmakers will not be convinced no matter what the facts are of the argument. I was wondering how you balance weighing the economic benefits of gaming that you're talking about, but also minimizing the social harms of gambling when you're talking to a mixed crowd of supporters and opposers?

BILL MILLER: The people that aren't convincible aren't convincible. But I've had these conversations with people who have said, "I don't believe in gambling, but I have to concede that strong economic benefits to communities in my state or congressional district exist because of your industry." We have the license to operate in states that grant us that opportunity, but we also have a social license as well. No one has a stronger vested interest in responsible gaming than the industry itself because we want this to be a form of entertainment. We want this, whether it's sports betting or a visit to a regional casino, to be one in which people get to go and enjoy themselves and leave and want to come back. Nobody wants to come back if they've been harmed financially or if the dynamic was one in which they were in some way harmed. That responsibility falls on us.

When it comes to sports betting, it falls on a number of our other new business partners, for example, the leagues, teams, arenas, and stadiums. They all understand the economic opportunity that sports betting presents, but they also have to understand they must practice responsible gaming and educate our employees about what that means, as well as get best practices from academics and scientists. We need to make sure that our new business partners in sports betting appreciate that.

STEVE RUDDOCK: The AGA represents a very wide variety of gaming interests. With such a diverse member list it must feel like you're herding cats at times. How do you balance the interests of the individual against the interests of the industry when there's a conflict between some of your members?

BILL MILLER: I think that making sure that policy is created and developed in an inclusive and transparent manner is probably core to that. We also try to

focus on things that bring the industry together more than the issues that split the industry. That is certainly a core component to what I've focused on.

There's three things that I talk about every day. Number one is we need to get sports betting right. Because while it may be a low margin business for a lot of operators, it creates a lot of interest in the public, including the legislating public, about our industry. And while it creates opportunity, it also creates a lot of risks for the entire industry. For those reasons, it's critical to be supportive of regulators, operators, and law enforcement, and understand what best practices look like around sports betting.

The second thing is how do we tell the story of what our community impacts look like? What does it look like from the perspective of mayors, and fire chiefs, and local florists, and local chambers of commerce? And how do we communicate that to those same members of Congress who might have an outdated view of our industry?

The third thing is how do we help modernize the industry? Whether it's regulations—you mentioned the slot threshold—or working on something that the industry itself has an interest in but probably can't do themselves. That's why since I got here in January I've been trying to lead the industry toward payment modernization.

For the life of me, I don't understand how an industry that is as modern as the twenty-first century gaming industry can offer guests first-in-class hospitality, restaurants, entertainment, spas, and all sorts of exciting opportunities, and yet if they walk onto the casino floor and they want to pay digitally in the same way that they've paid for every other part of their experience, it's unwelcome.

I think there's a great opportunity for us as an industry, and as a trade association representing the industry, to help bring the industry together on something that will not only strengthen opportunities for the industry, but also strengthen opportunities for law enforcement, as it relates to Know Your Customer and anti-money laundering compliance.

We've gotten those signals from the law enforcement community and FinCEN that they think it would be a great advantage to have more transactions done digitally where money could be tracked and it would be

easier to put time stop orders on people that might have an issue with problem gambling.

Therefore, we've been doing a great deal of outreach to both the law enforcement community as well as the organizations that are founded in, and committed to, responsible gaming. We feel very good that we're moving forward but the process will not be quick. There are multiple obstacles: everything from do you have to redesign your casino floor to what are the regulatory or legislative or statutory obstacles? Working through that process is one that, quite frankly, the Association is in a better position to do than the individual companies.

STEVE RUDDOCK: I actually saw a few early generation forms of cashless gaming systems on the floor of G2E [Global Gaming Expo] this year. There was everything from pure cashless systems to Bluetooth tech that linked to an online wallet or their social account online.

BILL MILLER: Yeah. For the first time ever at G2E we had the big payment processors. We had Discover, American Express, Visa, and MasterCard. All four had never been at G2E before. I think there is a recognition that not only is this a good market for them to be in, but it's not a risky market either. From a financial services industry perspective, it's something that benefits their customers and creates more business opportunities.

STEVE RUDDOCK: You touched on how you try to bring the industry together and focus on issues that they can all agree on. One issue that's definitely driven a wedge between your members is online gambling. A few years back, under your predecessor, there was a shift in the AGA's position from supportive of legal, regulated online gambling to having no position on the issue. What is the AGA's current position and does it extend across all forms of online gambling, or are there differences depending on the type of online gaming being discussed, be it online lottery, online sports betting, online casino, or poker?

BILL MILLER: Mobility has increased in some of these states that have moved forward with sports betting. It's kind of hard to do sports betting without having a digital component to it. I think of the 21 jurisdictions that have passed sports betting, 15 have included a mobile element. So depending upon how

you define that, the intrastate mobility of sports betting is something that we have been supportive of. It enhances the experience. It certainly is necessary to compete with the illegal offshore online marketplace, which is app-driven. Our view is that every time we're able to create intrastate sports betting that includes mobile, we are helping destroy the offshore illegal market, and that is consistent with our broad policy on federal Internet gambling.

STEVE RUDDOCK: Speaking of federal interventions, the recent reinterpretation of the Wire Act by the Department of Justice (DOJ) has caused some uncertainty within the industry, and seems to have stalled online expansion efforts in some states, or like what we saw in Pennsylvania, adjusting their regulations and compliance requirements. Short of a PASPA-like Supreme Court ruling, what would you like to see? What would the AGA like to see happen with the Wire Act?

BILL MILLER: I think all businesses craves certainty, and the gaming industry is no different. I think the Department of Justice, when they issued their re-

interpretation, they in essence begged the courts to take this up, and the courts have. We're happy about that. At some point this thing will be disposed of through the judiciary. But to your point, while there was some hesitation in state legislatures, the reality was most legislatures looked at it and said, okay, we may need to bring our servers in state, but we are going to move forward with sports betting. So, while it created some degree of uncertainty, it also created some pathway that the legislatures felt comfortable with moving forward.

My view is that we were somewhat worried that it may chill momentum that had been created after the Supreme Court's decision on PASPA, but I've been pleased that the state legislatures still moved quite quickly in passing sports betting legislation.

As it relates to whether it will continue to be reinterpreted, I don't know that I could speculate on that. I think that history has suggested that it has been relatively rare that the DOJ has reinterpreted it. And I think that that would probably be the case moving forward.