## Don't bet on it. Wagering on the Super Bowl is illegal in California



Las Vegas casinos frequently won't allow you to place bets online from California. Here, a man talks on a phone at Circa casino before last year's Super Bowl.

(John Locher / Associated Press)

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Sports betting is a giant industry, with <u>more than \$92 billion</u> wagered since the Supreme Court <u>ruled</u> in May 2018 that states could allow it. That's why, if you've watched any NFL games on television this year, you've seen almost as many commercials for online betting sites as for beer and trucks.

Let's get one thing straight at the outset, though: Betting on the Super Bowl at those sites (or on any other sports played by humans not on horseback at a licensed racetrack) is illegal in California. Even if it's legal in your home state, if you come to <u>Los Angeles for Super Bowl LVI</u>, you cannot place a legal bet on the game at a licensed U.S. sports book while you're here.

For many Californians, however, legal restrictions are merely a speed bump. An unpublished study in 2019 estimated that Californians were making \$15.7 billion in sports bets, whether with friends, bookies or offshore sites.

Hence the countless commercials touting betting sites, along with the chatter on TV and radio about point spreads and favorites.

According to the California attorney general's office, state law "generally prohibits wagering on the outcomes of contests between animals and/or people (including sporting events)." The only exceptions are for the state lottery and licensed card rooms, tribal casinos and horse races.

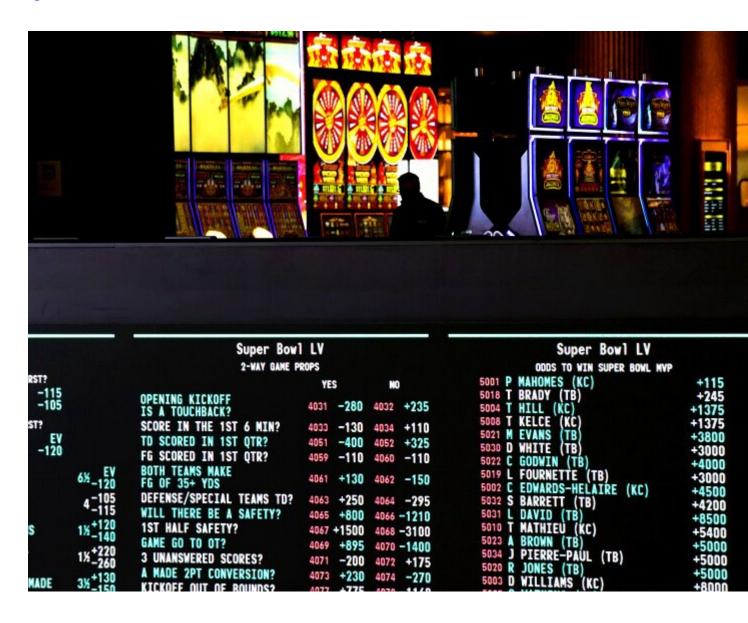
You will note here that the prohibition is on "outcomes of contests." That's one reason fantasy teams and drafts — the purview of companies such as Fan Duel and Draft Kings — can legally take money from people in California, even though the games they offer involve wagering. (The companies also argue that fantasy contests are games of skill, not chance, and some researchers and state legislatures agree.)

"California state law is probably the broadest in the country" when it comes to restricting gambling, said I. Nelson Rose, a gambling law scholar and emeritus professor at Whittier College. "It makes it a crime — a misdemeanor — to accept, record or even make a bet on a sports event. Obviously, nobody ever gets arrested for making bets on sports events. But it's clearly against the law."

Federal laws, such as the <u>Unlawful Internet Gambling Enforcement Act</u> and the <u>Illegal Gambling Business Act</u>, bar gaming sites from operating in states that prohibit gambling. In 2011 and 2012, federal prosecutors brought charges against four

major foreign online poker sites, successfully prosecuting a number of their executives. Three of the companies remain in business, although they have stayed out of states where online poker isn't legal.

The Supreme Court's 2018 ruling shifted the tide dramatically, and now 30 states have at least some kinds of legal sports betting within their borders. In California, however, legislation to create a regulated online gambling industry has been stalled amid tussling by the state's card rooms, its tribes, sports leagues and Nevada casinos over what to allow and where to allow it. California voters are likely to see one or more initiatives on that subject this November sponsored by various special interests.



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The 2018 ruling also has drawn some of Las Vegas' most famous casino operators into the online sports betting business. Yet Rose said they still have to abide by the federal Wire Act, a law enacted to help then-Atty. Gen. Robert Kennedy crack down on organized crime's gambling operations. The Wire Act prohibits the use of phone or telegraph lines to convey sports bets or betting information across state lines, regardless of whether wagering is legal.

As a consequence, companies such as Caesars Entertainment and MGM Resorts had to set up separate sports betting sites in each state where sports betting is legal, and then take bets only from people in those states. If you're a California resident and you try to place a bet at one of those casino's sites, you won't be immediately shown the pages where you can bet on games. Instead, Caesars will invite you to bet on fantasy sports, and MGM will suggest that you travel to a nearby state where betting is lawful.

It doesn't take a wizard at online search, though, to find places online that will gladly take a Californian's wagers. These are foreign sites, often based in Latin America or the Caribbean, and they contend that California law doesn't apply to them. They accept <u>cryptocurrencies</u>, which are exchanged anonymously, and at least some of them even take credit card payments from Californians, which federal law would seem to prohibit.

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Jeff Ifrah, a gambling law expert who leads a trade association for regulated online gaming companies, doesn't buy the argument that offshore sites can legally take sports bets from Californians. "The feds, of course, still have the authority to go after offshore sports betting," Ifrah said.

Stephen M. Hart, an attorney in Phoenix who specializes in gaming law, said the key factor isn't where the sports book's servers are — it's where the bets are placed. "As long as the bet's being placed here in California, California has jurisdiction," Hart

said. "A state's authority does not stop at the border, when gaming occurs in the state."

Federal court rulings back that up. For example, Rose pointed to <u>a 2018 ruling</u> by the Ninth Circuit Court of Appeals holding that a tribal reservation's online bingo game violated the federal Unlawful Internet Gambling Enforcement Act when it accepted bets from players within the state's jurisdiction.

Offshore sports books may be counting on the insulation of distance to protect them from prosecution. "Practically speaking," Hart said, "it is very difficult for California law enforcement officers to travel around the world enforcing the law."

But if you place bets there, Ifrah warned, "your bet or wager may be unsafe because it's being placed with an operator that's acting illegally and is unregulated."

That's the main issue for bettors when they send their money offshore. If there should be a problem with their account or their bets — with winnings not being recorded, funds vanishing or terms not being honored — there's no authority that can help them. "There's nowhere to go, other than a media forum or a complaint center," Ifrah said.