



NOTICE OF STAFF HEARING

Subject: **CONFLICTS IN SPORTS EVENTS UPON WHICH WAGERING OCCURS**

Purpose: To receive public input on the topic of regulation of potential conflicts in sports events upon which wagering occurs

Commission staff will conduct an online hearing on January 11, 2022 at 11:00 A.M.

ALL ORAL TESTIMONY MUST BE SCHEDULED IN ADVANCE

Contact: Wendy Merton (518) 388-3400
Media Contact: Brad Maione (518) 388-3415

Background:

Governor Kathy Hochul issued veto message No. 49 this year, disapproving legislation (A.7025) that would have prohibited the State Gaming Commission from requiring the coupling of entries in thoroughbred horse races when a horse is trained or ridden by a spouse, parent, issue, or member of the household of another jockey in the race. Coupling means combining related entries in a race into a single betting interest. Governor Hochul directed the Commission to “review the continued need for mandatory coupling and the circumstances under which such a requirement might be relaxed, and to seek input from industry stakeholders and the wagering public regarding this topic.” In thoroughbred horse racing, Commission Rule 4025.10 currently requires coupling of entries in certain circumstances that might present a conflict of interest among the competitors in the event.

With the implementation of sports wagering, the same perceptions and concerns that animated the Commission’s current horse racing coupling rules may be present in wagering on other sports events. This hearing also seeks the input on the topic of potential conflicts in all sports events upon which wagering occurs, beyond the narrower issue of mandatory coupling in thoroughbred horse races.

The policy behind coupling seeks to mitigate concerns that related parties may not expend maximum effort in the underlying sports contest, with one party sacrificing to the

interests of a related party. In thoroughbred horse racing, coupling seeks to align the interests of the related parties in the underlying sporting event for wagering purposes. Yet the same concerns might also be present with other types of related party activity that current regulations do not address, such as sporting competitors in an ongoing, but not formal, personal relationship. The same concerns may also be present in an athletic contest other than horse racing upon which wagering is offered, when spouses or members of the same household compete against each other.

Commission staff is interested in receiving input on these topics, broadly conceived.

Questions to Consider:

Among the questions to be considered may be:

- Has coupling in thoroughbred racing served the dual purposes of protecting the integrity of wagering and the protection of the betting public?
- Should parties with some relationship to each other in an underlying athletic contest be regulated in some fashion for wagering purposes? If so, how?
- If regulation is advisable, what type of relationships should be regulated, and what types of relationships should not be regulated?
- If regulation is advisable, is coupling an appropriate regulatory mechanism?
- If regulation is advisable, are there alternatives to coupling that are advisable?
- What rules and model rules exist in horse racing and other sports to deal with potential conflicts of interest caused by personal relationships?
- Should disclosure of relationships to the betting public be required? How would such relationships best be communicated to the wagering public?
- If disclosure should be required, should disclosure supplement or replace other regulatory mechanisms?
- Should the regulatory regime be uniform across all sports, or should wagering on certain sports be regulated differently than wagering on other sports? If so, how?
- Should the Commission's rules for coupling be synchronized for thoroughbred, harness and quarter horse racing?
- What are the proper penalties for a competitor failing to expend maximum effort against a competitor who shares a relationship with the first competitor?
- What are the proper penalties for a competitor who provides assistance to a competitor who shares a relationship with the first competitor?

Staff reserves the right to limit the time in which any speaker may speak at the hearing.

Anyone wishing only to submit written materials for the Commission's consideration on this topic may send them to: info@gaming.ny.gov

Dated: Schenectady, New York
December 23, 2021