

## **Nevada Gaming Companies Opposed to the Expansion of Online Gaming**

August 12, 2021

**Via email, only**

John T. Moran, Jr., Chairman  
Nevada Gaming Commission

J. Brin Gibson, Chairman  
Nevada Gaming Control Board

Dear Chairman Moran and Chairman Gibson:

We write this letter as members of a coalition of gaming operators to provide you with the reasons online gaming is not right for the State of Nevada.

Recently the NGCB scheduled and subsequently postponed a workshop on proposed amendments to NGC Regulation 5A regarding the operation of interactive (“online”) gaming in Nevada. The purpose of the workshop was to solicit comments on the proposed amendments which, if adopted, would greatly expand interactive gaming, effectively making casino gambling available in every residence and place of business, subject only to age and location verification provided online.

The Board indicated it would reschedule the workshop after the conclusion of the 2021 Regular Session of the Nevada Legislature.

In anticipation of the workshop being rescheduled, we submit the following points in opposition to any proposal to expand online gaming in Nevada:

**Nevada currently has significantly more physical gaming locations than any other state.**

Online gaming has been approved in states with a limited number of commercial casinos, some without any commercial casinos at all. In states with limited land-based gaming properties, online gaming may capture gaming tax revenue for the state that it otherwise would not receive by providing easier access to gaming entertainment. However, in Nevada there are over 2,000 gaming locations across the entire State, with licensed gaming properties in almost every city, big or small. Nevada’s relatively small population of 2 million adults already has many options for gaming entertainment in their communities. In fact, Nevada has more licensed commercial casinos than all the other states combined.

**Online gaming would undermine billions of dollars of investment in physical gaming locations in Nevada.**

Gaming operators in Nevada have spent billions of dollars creating the most unique and exciting gaming entertainment destinations in the world, and we continue to spend in order to meet our customers' expectations and maintain Nevada's leadership position in the gaming industry. Online gaming will incentivize our customers to not visit physical gaming properties, limiting our ability to earn revenue and provide funds to reinvest in our casino resorts. Even worse, many online operators do not operate a single land-based facility at all, let alone in Nevada, which diverts revenue and reinvestment out of our state.

**Online gaming will cannibalize existing gaming revenue, reduce jobs and economic development in Nevada.**

Physical gaming locations are the economic engines of the state, employing over 430,000 Nevadans, supporting \$19 billion in total wages, and paying almost \$1.8 billion in industry-specific fees and taxes to both the state and local municipalities. Online gaming will take revenue away from our existing casino resorts and other gaming locations, which will result in the elimination of jobs that are no longer needed with less visitation to physical gaming properties. This is more than mere speculation. As widely reported in July, research by analysts with Deutsche Bank appears to show cannibalization of land-based gaming revenues in Pennsylvania by online gaming offerings.

The resulting lower employment in Nevada would not just be related to reduced physical gaming activities such as table game dealers and slot attendants; rather, job reduction will also impact servers, cooks, housekeepers, porters, and other guest functions that are based on visitor volume at our properties. Online casino operators only need a few out-of-state technicians on staff to connect Nevadans to their platforms, most with technology that originated outside of Nevada and in some cases outside the United States. There will be no growth in employment from online gaming; instead, reduced jobs in physical gaming locations will hinder the enormous efforts the gaming industry and Nevada are making to recover from the pandemic and hurt the long-term economic growth of our state.

**Online gaming will undermine the long-standing public policy and regulatory framework established in Nevada.**

Historically, Nevada has maintained a strict regulatory framework, regarded as the "gold standard" for the world with respect to its licensing of companies and individuals associated with any gaming activity. As you are well aware, Nevada even separates licensees by size and product offerings – "restricted locations," with limited gaming positions and amenities and "non-restricted locations," which offer an unlimited number of gaming, hospitality, and entertainment options. With online gaming, there is effectively NO limitation on where gaming activity occurs – it is only limited by the number of mobile phones in Nevada. This effectively puts non-restricted gaming activity in every household and business that otherwise have not been subject to the regulatory scrutiny of the NGCB and the NGC. Current laws specify the amenities and associated investment required to obtain a non-restricted gaming license in the state, such as developing at least 200 hotel rooms associated with the gaming location.

Without substantial investment, a restricted license is available limiting a location to 15 gaming positions or less. These long-established policies promote capital investment, job creation, and tax revenue for Nevada while allowing our regulators to appropriately monitor the operations of its gaming licensees. Online gaming ignores these long-standing parameters, opening unlimited gaming activity to providers without a physical presence in Nevada which will make it much more difficult to monitor and correct potential problems in the physical environment where online gaming is actually taking place. For example, problem gambling concerns as well as ensuring minors do not have access to gaming will be much harder to detect with the instant access to gambling via a mobile device.

For all these reasons, we strongly oppose any expansion of online gaming in Nevada. In your potential consideration of online gaming, we ask that you are deliberate in determining if online gaming is needed to grow Nevada's economy, helpful to our local communities and consistent with our long-established regulatory framework. Or will online gaming only benefit large corporate conglomerates, many without Nevada operations, reducing employment and direct investment, while increasing regulatory difficulty? Claims to the contrary are only offered by those with significant online and other interests outside of Nevada.

We appreciate your consideration of our views and look forward to continuing our discussion.

Sincerely,

**Robert Cashell, Jr.**

Cashell Enterprises  
President & Chief Executive Officer

**John Farahi**

Monarch Casino Resort, Inc.  
Co-Chairman & Chief Executive Officer

**Adam Corrigan**

Al's Garage & John Cutter Tavern  
Owner

**Frank Fertitta**

Red Rock Resorts, Inc.  
Chairman & Chief Executive Officer

**Brian David**

McMullans Irish Pub  
Owner

**Lorenzo Fertitta**

Red Rock Resorts, Inc.  
Director

**Gary Ellis**

Ellis Island Hotel, Casino and Brewery  
Owner

**Jonathan Fine**

PKWY Taverns  
Owner

**Kenny Epstein**

El Cortez Hotel and Casino  
Chairman & Chief Executive Officer

**Matthew Flandermeyer**

Wahoo's Fish Taco  
Owner

**Mitch Gardner**  
Bordertown Casino RV Resort  
Vice President

**Michael Gaughan**  
South Point Hotel and Casino  
Chairman & Chief Executive Officer

**Jeffrey Jacobs**  
Jacobs Entertainment, Inc.  
Chairman & Chief Executive Officer

**Jonathan Jossel**  
Plaza Hotel and Casino  
Chief Executive Officer

**J. Grant Lincoln**  
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**Roger Norman**  
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**Bill Paganetti**  
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**Blake Sartini**  
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**Joey Scolari**  
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**Jerry Scolari**  
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**Ryan Sheltra**  
Bonanza Casino  
General Manager

**Peter Simon**  
The Bar  
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**Jeff Siri**  
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President & Chief Executive Officer

**Derek Stevens**  
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**Ferenc Szony**  
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