

Nev. allows businesses, investors to bet on sports

By Kimberly Pierceall, AP

Call it a mutual fund for sports bettors or maybe a legal framework for buddies to pool their money to bet on the big game.

Nevada is the first in the nation to allow business entities to wager on sports on behalf of investors, regardless of how big or small the enterprise.

Pushed by sports book manager CG Technology and signed by Nevada's governor last week, Senate Bill 443 from state Sen. Greg Brower requires the businesses be based in Nevada, including its bank account. Staff and investors must fully disclose their identities to the sports book where they're wagering, but investors don't have to live in Nevada.

The activity was technically permitted before allowing common law partnerships to make wagers. Imagine a bunch of sports fans pooling their funds together and dispatching one of them to make the bet on their behalf, for example.

Brower, who pitched the idea unsuccessfully during the legislature's 2013 session, said the aim is for the process to be more transparent and respond to a changing marketplace for sports betting that has diminished Nevada's monopoly on the activity.

CG Technology and deputy general counsel Quinton Singleton pushed for the new "clear cut, black and white" framework. The company operates several sports books in Las Vegas including the Venetian and the Palazzo, the Cosmopolitan, the Palms, the Tropicana and the Hard Rock Hotel and Casino.

If disputes arise from investors feeling bilked, Singleton said the claim would take its normal legal course against the business entity, not the sports book or the state's regulators.

"This is going to be, really, an alternative investment strategy," he said.

Singleton described the new allowable scenario as something akin to a mutual fund, or sports investment betting.

As an example, he pointed to a firm in Australia, Priomha Capital, that's a hedge fund that pools its client's money and bets it via funds related to sporting events.

Rules will still bar individuals from accepting money to take bets on someone else's behalf in Nevada sports books, the so-called messenger betting regulation, but the new law allows for the registered business and its employees to make bets, a distinction that satisfied regulators.

The key was making the sports books responsible for collecting the information about the businesses and identities of those involved, said Nevada Gaming Control Board chairman A.G. Burnett, adding that regulators would still be watching and would have the option of reviewing the business entity's members and investors.

It's up to the sports books if they want to accept the wagers. It's also up to them to investigate the people behind the bets.

Johnny Avello, who runs the sports books for Wynn Resorts in Las Vegas, however says the new law doesn't spell out specifics of how the bets and the businesses will work. He still has questions, he said.

"If you don't know all the rules you're bound to get yourself in hot water," he said.

Jay Kornegay who runs the sports book at the Westgate Las Vegas, formerly the Las Vegas Hilton, has questions, too.

“We’re all trying to understand what it’s all about,” he said.

But Singleton, with CG Technology, said the law makes the process more clear and transparent, whether it’s three buddies who like to pool their money on bets or a hedge fund.

“You can run it like a real business,” he said.