

<u>Team Member</u>	<u>Graduation Year</u>	<u>Area of Concentration</u>
Eli Koulack	2024	Leadership & International Business
Laura Kroeker	2024	Leadership & International Business
Ramy Penner	2024	Sustainability in Emerging Markets

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Audience: DraftKings Board of Directors

All Bets Are Off: DraftKings and the High Stakes Race for Consumer Protection

Executive Summary

Gambling is known to be addictive and is often seen as an industry operating in an ethically grey space. Until 2018, the Professional and Amateur Sports Act of 1992 prohibited any form of sports betting outside of the state of Nevada which led to the development of an illegal and unregulated market. Since 2018, the regulated U.S. sports betting market has grown to an astounding \$119.84 billion last year, with Americans spending over \$23 billion on the Superbowl alone in 2024. Operators in the U.S. sports betting industry are subject to laws governing player protection as betting beyond one's means can have life-altering consequences. However, this market is heavily dominated by consumers betting on their mobile devices – the young and sometimes insufficient laws, coupled with ease of access to an addictive product, have introduced additional risks for both providers and consumers of these products.

DraftKings is seen as an industry leader in market share and product offerings within the U.S. and has an operational obligation to its shareholders to strive towards profitability. Moreover, it has fulfilled its legal obligations by implementing the required responsible gambling initiatives and self-regulatory tools aimed at safeguarding consumers. However, DraftKings' pursuit for profitability and market dominance has led to lawsuits, underscoring a dissonance between current efforts and the requisite protections needed to shield consumers from the inherent risks of gambling addiction. DraftKings' growing litigation costs and reputational risks not only jeopardize the industry's legislative acceptance but also signal a growing consumer mistrust. For DraftKings to fulfil its mission “to make life more exciting by responsibly creating the world's favorite real-money games and betting experiences”, it is imperative that they continue to protect consumers and promote responsible betting behaviour.