CHAIRPERSON JAMES: Mr. Salerno.

MR. SALERNO: Good morning, Madam Chair.

CHAIRPERSON JAMES: Good morning.

MR. SALERNO: Commissioners, ladies and gentlemen,

My name is Vic Salerno. I am President and CEO American Wagering, a publicly traded NASDAQ company. The company's business includes a network of sports books, a computer related service that services the race and sports book industry and several other gaming related subsidiaries.

I have been in the sports book industry for the past 20 years. After graduating from Marquette University with a degree in dentistry in 1970, I practiced for eight years before changing careers to become a bookmaker. My family was dumbfounded at this change. However, now we consider it a great move. I found a profession that took more work and was more regulated than dentistry. I had to be educated in many more diverse fields, from satellite communications to regulatory compliance, and everything in-between. I was told by legal and intelligence people to give it up and go back to dentistry. Fortunately we now have a successful business. It gives me a great sense of accomplishment in a profession that I am as proud of as I was being a dentist.

Like myself, Nevada bookmakers come from diverse professions such as law, meteorology, business, accounting, horse training, computer science, and mathematics. The profession even boasts of a former major league baseball pitcher
and a covert operative for the Federal Government. Today I'd like to provide some insight into Nevada's sports betting industry and give you some of my opinions on illegal sports wagering.

Legal sports wagering has gone from $400,000.00 in 1970 to $2.4 billion last year. It is a staggering growth rate. There are several reasons for this increase; more televised sporting events, Nevada's increased population, computerization of operations, and expansion of the professional leagues. These all have been instrumental in the increase in sports wagering. Also the popularity and integrity of the business have played a major factor. Bookmaking is one of the few industries in which the consumer knows exactly what he's receiving.

We can purchase a car and get a lemon. When we purchase food it could be spoiled and we are all well aware of the questions we have in the health related fields, but when you place a wager on the Green Bay Packers minus three and a half points over the Pittsburgh Steelers, you know what you have bought. The volume of illegal sports wagers has been guessed by many. The estimates range from $50 billion by the Council on Compulsive Gambling of New Jersey, $100 billion by Sports Illustrated magazine to $250 billion. The latter was a study conducted at the Veterans Medical Center in Drexville, Ohio. My own guess is that even the $250 billion might be too low. A Gallop survey done for Psychology Today found out that one out of four males and one
out of eight females place some type of wagers on this Super Bowl. The question is, why do people bet on sports? I believe there are several reasons.

Above all, it is definitely a type of entertainment and enjoyment. It is a challenge for people to predict the outcome of the game versus professional odds makers. Wagers are made between governors on their respective state teams when they play each other. Having a wager on the game increases the interest in the event. Asking people why they bet on sports brings several answers. The games are boring, betting makes it exciting. Sports betting is much more economical entertainment than golf. I'm a former high school and college player. Having a wager on the game makes me feel like I am playing in the game. As you can see, different people have different reasons.

Our company commissioned an independent agency to do a study that included the profile of a sports better in Nevada. The study interviewed 798 sports betters. The Commission has been provided with the results of this study. Here's a quick summarization of this study. Ninety percent are 30 years or older. The average age is 45. Ninety-four percent are employed or retired. Ninety percent earn over $20,000 per year, 62 percent over $35,000 per year. The average is near $37,000.00 annually.

Ninety-six percent have a high school degree or higher. Sixty-nine percent have some college or more. Forty-six percent hold a managerial or professional position.
From this study we can deduce that the typical better is
educated and can afford betting. One concern for both the
professional and the amateur leagues is the integrity of the
game. To a legal bookmaker this gives the major concern. The
bookmaker is target for anyone attempting to alter the outcome
of the game. We are the ones who have to pay if there are any
improprieties. Our industry has always offered aid to the
amateur and professional leagues to discover and investigate any
questionable activities. Recently we have supplied the NCAA
with an on-line computer terminal that shows the current odds at
our sports books and the changes in odds as they occur.

The Nevada Sports Books were responsible for the
discovery of the point shaving incident that occurred at Arizona
State University. We might be referred to as the point spread
policemen. Members of our industry meet with league regulatory
agencies involved in policing and governing the athletes to make
sure there are no improprieties occurring. There are more than
3,000 Division 1 men's basketball and football games played
annually. The professional leagues play over 5,000 games.

When looking at the number of games that are played
both in the amateur and professional ranks, the number of
improprieties is minuscule. When compared to other industries
such as financial or governmental industries, sport event
infractions pale into comparison to the black eyes of most other
businesses.
Technology is expanding in our industry as in other industries. Computer technology, advanced communications, methods of positive identification and the Internet are changing the way we do business. These new technologies when used properly benefit the industry. Presently more information is available to both customers and bookmakers. New tracking software will enable us to identify problem betters. Methods are being developed that will show the origination of remote wagers.

New identification methods will provide us with positive ID's. Advances in technologies are great. We just explore and try these new technologies if we are going to create a better world in sports wagering. Sports wagering is legal in England, Canada, Australia, Italy, South Africa, Peru and Israel. In fact, it is legal in more than 75 countries. Legal sports wagering is regulated and pay state and federal taxes.

Illegal wagering is not. It allocates no monetary benefits to local, state or federal agencies. I do not believe that the governments can establish moral standards for their citizens. In our country it is obvious that sports betting is very popular and most of our citizens do not consider it to be a great problem to our society.

In conclusion, sports wagering is intricately woven into the fabric of American society. As leagues continue to expand, the demand to wager will increase as well. The profile of the average sports better indicates he is willing to wager a
portion of his disposable income to enhance the enjoyment of the
sport itself. Likewise in an effort to maintain the bettor's
enjoyment legal bookmakers must continue to go to extreme
lengths to insure the game's integrity. Rapid technological
advances of the past decade, specifically the Internet, pose the
greatest challenge to the legal bookmakers and regulators.

If allowed to use these advanced forms of
communication and computer technology, legal bookmakers will
have the resources needed to continue its relentless protection
of the sports industry. Legal sports wagering is a civilized
and passive form of adult entertainment. In Nevada sports
wagering is a regulated industry. It contributes to our local
and national economy by the way of jobs and taxes. The sports
wagering paradigm developed by Nevada is the best way to deter
illegal bookmaking and regulate legal bookmaking.

Thank you.

CHAIRPERSON JAMES: Thank you, Mr. Salerno.