

John Michela
Senior Deputy Attorney General
Nevada Attorney General's Office

Due to the COVID-19 pandemic, Nevada Governor, Steve Sisolak, declared a state of emergency on March 12, 2020, and traditional sports leagues have been cancelling or delaying their seasons. This has led to a sharp increase in the number of e-sports events approved by the Nevada Gaming Control Board (Board) for wagering as sports books scramble to find activities on which their patrons can wager. While this sharp increase due to COVID-19 was not anticipated, Nevada has been preparing for an increase in e-sports wagering for over a decade and continues to help wagering on e-sports mature while maintaining the integrity of wagering in Nevada.

E-sports are multi-player video game competitions which spectators can watch. E-sports are approved for wagering in Nevada as "other events" under Nevada Gaming Commission Regulation (NGCR) 22.1201. The most recent update to this regulation was adopted by the Nevada Gaming Commission (Commission) on January 24, 2019.

Between January 24, 2019, and March 24, 2020, the Board approved only three "other events" for wagering. Two of these events, who will win the NFL regular season MVP and who will win the 2019 Chuck Bednarik award, were based on awards given to individuals competing in traditional sporting events. Only one Board approved "other event" was based on an e-sport: who will win the 2019 Golden Tee World Championship.

Between March 24, 2020, and May 6, 2020, the Board approved an additional 12 e-sports events. Six of these e-sports wagering approvals were for e-sports based on the video game Counter Strike: Global Offensive. Other e-sports for which the Board granted wagering approval include eNASCAR iRacing and League of Legends.

While e-sports wagering approvals have drastically increased since the commencement of Nevada's state of emergency and the cessation of traditional sports, Nevada started building the framework which allows wagering on e-sports in 2009. In 2009, the Nevada Legislature amended Nevada's definition of "sports pool" (NRS 463.0193) to include a business accepting wagers on "other events." In January of 2010, the Commission adopted changes to NGCR 22.120 which allowed wagering on Board approved "other events." "Other events" were defined to include events other than horse races, greyhound races, and athletic sporting events. These changes required a licensee apply to the Board for an "other event" to be approved for wagering. As part of the application, a licensee was required to include information which would allow the Board to verify the integrity of the "other event" including the verifiability of the outcome, the independent process in determining the outcome, and how manipulation of the outcome would be prevented. One of the main reasons for allowing wagering on "other events" was to allow wagering on events not traditionally considered sporting events like the World Series of Poker. However, if the integrity of the event could be demonstrated, chicken races were also specifically mentioned as an extreme example of what could possibly be approved for wagering as an "other event."

In February of 2016, the Commission approved adding virtual events to the wagering approval process of "other events." A virtual event is an "other event" where the outcome is generated by an electronic device, i.e., a random number generator. A virtual event approved for wagering must be

available to all sports pools, and the outcomes of the event must be generated by an approved gaming device. To date, the Board has approved some fixed-odds virtual horse racing.

In May and November of 2016, the Gaming Policy Committee (Committee), a body formed for discussing matters of gaming policy in Nevada and advising the Board and Commission thereon, specifically discussed e-sports and whether wagering on e-sports should be allowed. In its discussions, the Committee determined that e-sports should be considered to be “other events.” The Committee further advised that e-sports were non-problematic and suitable for wagering, and that the Board and Commission have the sanctioning of the Committee to discuss new items and enact necessary regulations with regard to e-sports.

In 2017, the Nevada Legislature approved changes to pari-mutuel wagering which would allow pari-mutuel wagering on “other events.” The Commission adopted changes to NGCR 26B to reflect pari-mutuel wagering could be offered on approved “other events.”

On January 24, 2019, the Commission adopted updates to the regulations concerning “other events” and moved the regulation of “other events” from subsections in NGCR 22.120 to its own section, NGCR 22.1201.

It is some of the regulation changes adopted by the Commission in January of 2019 which provide a guide and framework for “other events,” including e-sports, as Nevada moves into the future.

In the future, e-sports sanctioning bodies will become more sophisticated with regard to regulating and enforcing the integrity of e-sports. With this in mind, the January 2019 regulation changes included language which would allow “other events” sanctioned by organizations added by the Board Chair to a list of sanctioning organizations to be automatically approved for wagering. A sanctioning organization could also request the Board Chair add it to the list. To date, there are not any sanctioning bodies on this list. However, as e-sports mature, it is anticipated there will be sanctioning bodies which regulate e-sports sufficiently to guarantee their integrity for wagering purposes in Nevada.

Additionally, it is likely that specific e-sport events will develop records of integrity. With this in mind, the January 2019 regulation changes created the concept of pre-approved “other events.” Events which have developed a record of integrity could, discretionarily, be added by the Board Chair to a list of pre-approved “other events.” E-sport events with pre-approval would not need to go through the “other event” approval process. Presently, there are not any pre-approved “other events.” However, it is anticipated that there will be pre-approved “other events,” including e-sports, in the near future.

While Nevada did not anticipate the COVID-19 pandemic and the sharp increase in applications for e-sports wagering approvals due to the COVID-19 pandemic, it has been steadily building a framework for e-sports wagering approvals for over a decade. Based on this, Nevada currently has a strong regulatory framework for e-sports wagering and is well positioned for the future of e-sports wagering.