

NINA MOINI: Sports betting sites make it easier to wager on just about anything in a game, but what happens when someone shows signs of problem gambling? Do these platforms intervene or encourage them to keep betting? *ProPublica* reporter Jake Pearson spent 10 weeks testing the sports betting app DraftKings and FanDuel. Even after losing thousands of dollars, he was invited to join DraftKings VIP program, which offered perks and promotions. Jake Pearson's here with us now to talk about what he found in his reporting on some of these betting sites. Thanks so much for being here and sharing your reporting with us, Jake.

JAKE PEARSON: Thanks for having me.

NINA MOINI: So this is a really good story idea. This is a good idea to try to see what everything's about firsthand. It doesn't always work, but what were you trying to learn about how these apps work? What gave you this idea?

JAKE PEARSON: Yeah, this was an all-time pitch I should say, and I'm happy my bosses went for it. But, look, as you say, sports gambling, betting on sports is ubiquitous. You can't watch TV, you can't go to a game without seeing the advertisements, and so we wanted to more about the business, its ubiquity, and the potential harmful side effects by using the product.

And the industry points to what they call responsible gaming as being their safety net system, their guardrails because while they obviously are seeking to generate revenue and maximize profit, they don't want to build they say their business on the backs of addicts. And so they have set into place a system where you can impose rules on yourself and use other tools to not go off the deep end. So we wondered could we test that. Is there a way that by betting in an informed way with the panel of experts like somebody who has a problem, we can measure how strong those guardrails are, how well the system works?

NINA MOINI: And then *ProPublica* gave you the funds to do it, right?

JAKE PEARSON: Yes.

NINA MOINI: Really a good pitch.

JAKE PEARSON: Yes.

NINA MOINI: What happened over the course of the 10 days? Were-- where did you find that it just kept inviting you to keep going? How were you-- how were you blowing through your money with intention I guess?

JAKE PEARSON: Right. So my-- I refer to it as my brain trust, but the panel of experts I assembled to consult me on this project included recovering gambling addicts, professional sports bettor, sharp bettors, addiction specialist, academics, and so I wasn't winging it. And what I did was put myself on an escalation trajectory.

And one of the biggest takeaways I came away from them was that it's not just about the amount you lose because anybody, indeed most people who gamble lose, especially over the long term. It is the pattern of betting that is the telltale sign. So there are some signature characteristics that accompany a problem gamblers account.

And I put myself on this escalation trajectory to emulate it. So that included things like loss chasing, which is what it sounds like. It means to after you lose or take a hit, instead of just going to bed and sleeping it off, you effectively double down on that. You try to recuperate losses by placing larger and larger bets to try and win back the money you've already lost. And I did that repeatedly. And I did other things that were known in the business to be the red flag behavior that the books know to look for.

NINA MOINI: And just for folks in Minnesota here, Minnesota was the first state to ban prediction markets like Kalshi and Polymarket, but a federal court has put that law on hold. They're currently battling that in court. Your reporting is focused on other sites. We mentioned DraftKings and FanDuel, not the same kind of gambling as prediction markets, but do you see similar risks across these different platforms? Are they operating under similar legal frameworks?

JAKE PEARSON: Right. So in 2018, the Supreme Court paved the way for states to legalize. 39 states and DC have. And literally as I'm doing this experiment, what you're talking about, these prediction markets become version 2.0, and they claim not to be gambling. They are trading. They believe that they are governed by a different regulator, a federal regulator, that these are swaps like commodities futures. And you actually only have to be 18 to do prediction market trading whereas most of the states that have legalized sportsbooks have a 21-year-old threshold age.

But more to the point is the argument now that you're referring to happens to be over who should be the regulator, and the conversation is not really what should the regulations be. So there's this bubbling conversation in states that have legalized sports betting about whether or not the guardrails that we sought to test are sufficient whether or not the consumer protections are strong enough. That is not what the conversation is nationally right now, not at least primarily what the conversation is about prediction markets. It's about who has the right to regulate and whether or not they should frankly pay taxes the way that DraftKings and FanDuel and the other books do.

So it's a very interesting debate. It seems all but certain to go to the Supreme Court. But for our purposes, the mission of *ProPublica* is the public interest matters here. And what we thought was most telling was can these big companies that are pitching all of Americans but especially young men to put what the companies called their entertainment dollars towards gambling, are they doing enough or does the system require more oversight when it comes to the risks of addiction?

NINA MOINI: And so as you're in these apps, I'm just curious is there ever a point where a message-- a flashing up and they're like, hey, buddy, it might be time to stop or-- it sounds like a lot of it is trying to limit yourself, which does not work very well for most people. And if you add addiction on top of it, it doesn't work.

JAKE PEARSON: Yeah, that is the system. So some are required by statute. Some are prompted or fed to you as a user because the companies have a special sauce. They've got a system that will flag certain events and then feed you basically a pop up that will come up in your app.

And sometimes they will just be screen time reminders. Hey, you've been on for three hours and 45 minutes, and you can just X out of it. And then some require you to affirmatively hit I understand or will refer you to that part of the app where you can set a budget or limit the amount of time you spend or impose any other sort of restriction you want. Some require you to watch a video.

But at the end of the day, it is still the user who must opt into them as opposed to what many of the advocates say should be is that there's default limits already set, and then you have to go out of your way. You have to navigate the app to opt out. And that's a debate right now, the opt-in versus opt-out model.

NINA MOINI: Was there anything about the process that surprised you? Did you at all find yourself wanting to bet more? I wonder if the apps can have-- turn casual betting into a gambling problem if somebody doesn't already have one. Was it enticing you in that way?

JAKE PEARSON: Yeah, so look, I love sports. I'm a huge sports fan. I'd never been a sports bettor before this project. Obviously I understand why this is a popular product. It is fun to win. That's not a huge headline, but, of course, it's fun to win money.

I found personally that it actually ruined my viewing experience as a fan because when you're watching a game on the TV, there is a delay. There's a broadcast delay. But the app is getting status-- stats faster, faster than the broadcast.

So I would if Jalen Brunson hit a three because I'd be checking my app in real time before I saw it on TV, and that can take away some of the thrill of the game. Some people love that. For me, as a purist, that grinded my gears. But fortunately for my family and myself, I did not feel the pull of addiction on this one. But I obviously understand why this is a popular product.

NINA MOINI: But is it in the app? Is it-- does it feel like the Instagram algorithm or it's continuing to pull somebody in? Does it feel nefarious when you're in there as from your perspective?

JAKE PEARSON: Yeah, there are so many different user design choices and promotional prompts that they feed to you that are clearly geared toward getting you to keep going. And a lot of them obviously have to do with the prospect of winning big.

So, for example, as I became a bigger loser effectively and got better perks in my VIP status, I would be given opportunities to bet up to 250 bucks, and if I was right on some string of bets called a parlay, the company would double my winnings. So you're incentivized in those scenarios to shoot the moon, to go big, and I would do that and then inevitably lose. And then I'd wonder would I have spent that 250 if they hadn't sent me the push alert saying, hey, exclusive offer.

And these are some basic consumer protection questions that when it comes to promotions, are they sending the promotions after strings of losses. Are they sending certain types of promotions based off of past spending behavior that had led to losses? Are these the-- these are things that regulators I think in a handful of states since my story and the *Times* wrote a similar story, since these articles came out, these are more questions that seem front of mind for regulators.

NINA MOINI: Just lastly, Jake, how much after the 10 days did you win and lose?

JAKE PEARSON: The 10 weeks? So--

NINA MOINI: Sorry, 10 weeks.

JAKE PEARSON: So no, no. So nobody's gambling story is straight up or straight down. I was a huge loser at first. I had hitched my wagon to the Knicks. I did incredibly well I should say assuming they would lose as they usually do. They didn't. I did incredibly well in the Knicks. My luck extended into the early days of the World Cup, so I got up into \$36,000, \$37,000 territory, which is mind blowing and then a deviation to the mean. I got cold, got really cold, and I was net loss 10,700, stopped the experiment, returned the remainder to *ProPublica*, and got back to my day job.

NINA MOINI: They were like, all right, we're pulling the plug. Well, Jake, we really appreciate your time and breaking all of this down for us and just experimenting with this. We appreciate it.

JAKE PEARSON: Thanks for having me. This was fun.

NINA MOINI: Jake Pearson is a reporter with *ProPublica*.