

Parlay Limits Drag On Delaware's Betting Profits

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Delaware is emerging as a major test of whether sports betting can be viable in the US beyond Las Vegas after a recent, disastrous weekend that set state coffers back by hundreds of thousands.

The Mid-Atlantic state's fledgling venture into sports betting wound up taking a big financial hit when 10 out of 12 NFL favorites won during the weekend of Oct. 24, an occurrence that typically favors bettors over the house.

The Delaware State Lottery, which oversees sports betting and gambling, is estimated to have taken a \$250,000 loss during the disastrous weekend.

The loss is expected to put a big dent in profitability of the Delaware's sports betting operation, launched two months ago at racinos across the state with the kickoff of the NFL season.

And it highlights the vulnerability and limitations of Delaware's push into sports betting, which state officials were forced to dramatically reduce in scope after a ferocious legal challenge by the NFL and other US sports leagues, industry observers say.

While sports betting appears likely to eventually produce a modest profit for Delaware, gone now are hopes of a gambling windfall.

"The system is so hemmed in there is a limit to how successful it can be," said Koleman Strumpf, a business professor at the University of Kansas and an expert on sports betting.

When Delaware lawmakers passed sports betting last spring, state officials were optimistically projecting as much as \$17m in new revenue to help plug a major state budget hole.

But the NFL and other US sports leagues, concerned ostensibly at least about the potential for game-fixing scandals, took the state to court.

A round of [fierce court battles](#) left Delaware with a much-reduced sports betting operation.

Instead of letting gamblers bet on a range of sports, from football to the World Series to college games, Delaware lottery officials and racino executives were limited to one sport, NFL football.

Moreover, gamblers had to bet on at least three games in a parlay system ([over' parlay system'](#) insert link /node/39044/) that bans single-game bets.

Both restrictions, in turn, have both increased the vulnerability of Delaware sports betting to "freak" events like big, money losing October weekend, while also reducing overall profitability as well, industry experts say.

Las Vegas sports books also lost millions on the weekend of Oct. 24. But the Vegas bookies had betting action on a range of other sports to help offset the big hit.

Not so in Delaware, where industry experts say this lack of diversification is problematic, similar to an investor betting everything on one stock or industry.

Meanwhile, the parlay system has also put an artificial cap on profits.

Most sports bettors want to bet on a single game, but in Delaware, they are required to bet on at least three teams.

That means in order to place a bet on a hot, Monday Night Football match, gamblers, unless they are planning in advance, need to pick out two more games for the following weekend.

“It hasn’t gotten off to the start they would have expected,” said Michael McCann, a professor at Vermont Law School, and a sports law expert.

Delaware lottery officials are already banking on smaller profits, with a goal to make \$500,000 over the course of the NFL season. That’s down from an original \$3m projected before last summer’s court crippling court decisions.

Even that goal appeared to be in danger after the reverses of the recent, disastrous October weekend.

Still, Delaware’s struggling sports betting operation bounced back during the weekend of Oct. 31, boosting revenue to over \$600,000, said Bill Fasy, president of Delaware Park.

“It set us back a bit, but we have grown every week since the beginning,” Fasy said.

However, Delaware may be stuck with its current, limited form of sports gambling for years to come.

The state could try and appeal the last federal court decision to the US Supreme Court, but that is not seen by some legal experts as a wise course of action.

Congress could also step in and revise the 1992 federal ban on sports gambling known as the Professional and Amateur Sports Protection Act, one that Delaware has partially avoided through a grandfathering exemption.

But that also seems unlikely given the tremendous political clout the professional and collegiate sports leagues wield.

That said, even in its limited form, Delaware currently holds a monopoly on all sports betting east of Nevada, the University of Kansas’ Strumpf points out.

“It is not the Cadillac version of sports betting, it is the Yugo,” he noted. “It may not be a lot but it’s better than anything else.”