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Research Report: Charitable Gaming and Advance Deposit Wagering – Regulation, Impact, and Innovation

Exploring how socially aligned gaming models like charitable wagering and ADW are reshaping the regulated gambling landscape.

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Abstract: This comprehensive research report examines the evolving landscape of **Charitable Gaming and Advance Deposit Wagering (ADW)** in the United States, exploring their regulatory foundations, economic impact, technological innovation, and future potential as socially-aligned wagering models. By analyzing state-by-state legal frameworks, federal statutes, operator strategies, and real-world case studies, the report highlights how both sectors operate within unique regulatory carve-outs while contributing to public good—through nonprofit funding or support of legacy industries like horse racing. It also addresses challenges such as fraud risk, regulatory inconsistencies, and public perception, offering strategic recommendations for policymakers, operators, and investors. With global comparisons and future-forward insights, the report positions Charitable Gaming and ADW as critical case studies for the sustainable expansion of gaming in the digital age.

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Section 1: Introduction

Charitable Gaming & Advance Deposit Wagering (ADW): Definitions, Relevance, and Strategic Framing

1.1 Defining Charitable Gaming

Charitable gaming encompasses a regulated category of gambling conducted by nonprofit organizations for the purpose of raising funds for charitable, religious, educational, or civic purposes. The most common formats include **bingo, raffles, pull-tabs, charitable poker tournaments, and "casino nights"**, all of which are conducted under strict state-level regulation and licensing requirements. Some jurisdictions also permit more advanced operations such as **electronic pull-tab devices** or **charitable electronic gaming machines** in limited locations.

In the United States, the **Internal Revenue Service (IRS)** classifies charitable gaming income under specific tax codes and requires reporting on Form 990, which outlines how proceeds benefit qualified purposes. State regulators generally require both **501(c)(3) tax-exempt status** and registration with a gaming authority. Some states impose **caps on prize values or restrict the number of gaming days per year**, while others have more liberalized policies, especially where charitable gaming is a legacy source of nonprofit funding.

Charitable gaming has evolved beyond church basements and veterans' halls. In states like **Minnesota**, charitable gaming now includes tens of millions of dollars in annual revenue driven by **e-pull tabs, electronic bingo terminals, and centralized reporting systems**. The **Minnesota Gambling Control Board**, for example, oversees one of the most structured charitable gaming markets, generating over **\$200 million annually** in gross revenue from licensed nonprofits.

Globally, similar systems operate under **lottery-linked charitable frameworks**, such as the **People's Postcode Lottery (UK)** or **provincial charitable gaming in Canada** through platforms regulated by **iGaming Ontario** or **British Columbia Lottery Corporation (BCLC)**. In these models, the role of the nonprofit is often formalized within a national lottery structure, offering a hybrid between state-controlled gambling and civil society benefit.

1.2 Defining Advance Deposit Wagering (ADW)

Advance Deposit Wagering (ADW) is a method of **pari-mutuel wagering** in which bettors deposit funds into an account before placing wagers remotely—typically through **online platforms, mobile apps, or telephone interfaces**. ADW is most closely associated with **horse racing**, though new market entries are exploring applications across greyhound racing and even fantasy sports wagering.

The legal basis for ADW in the U.S. hinges on the **Interstate Horseracing Act of 1978 (IHA)**, which was amended in 2000 to explicitly permit **interstate and online ADW** with proper consent from host states, racetracks, and horsemen's groups. While ADW does not fall under the purview of the **Unlawful Internet Gambling Enforcement Act (UIGEA)** due to its exemption as pari-mutuel betting, operators must still comply with **Know Your Customer (KYC)**, **geolocation**, **anti-money laundering (AML)**, and state-by-state registration protocols.

Prominent ADW providers include:

- **TwinSpires (Churchill Downs Inc.)**
- **FanDuel Racing / TVG**
- **Xpressbet (Stronach Group)**
- **NYRA Bets (New York Racing Association)**

Each operator offers wagering access to hundreds of racetracks globally, often integrating live streaming, handicapping tools, and mobile-first interfaces. ADW revenues support racetrack purses and operations via a **revenue-sharing model**, which splits profits among operators, host tracks, and state racing commissions.

While horse racing attendance has declined over the past two decades, **ADW has sustained the industry's economic foundation**, with annual handle in excess of **\$12 billion nationally**. The growth of **mobile betting apps and real-time streaming** has turned ADW into the technological backbone of American horse racing, making it one of the first forms of fully digital, legally regulated gambling in the U.S.

1.3 Why These Two Models Belong in a Joint Report

Charitable gaming and ADW represent two of the most **regulated, yet socially differentiated** forms of wagering in the broader gambling ecosystem. Unlike commercial casino or sportsbook operations, both are **legally justified by public interest rationales**—either to support nonprofit missions or to preserve legacy industries and cultural heritage.

These two verticals share key characteristics:

- **Regulatory Carve-Outs:** Charitable gaming operates under nonprofit exemptions, while ADW functions within a niche carved out by the IHA. Both models are exempt from the sweeping prohibitions of UIGEA, and neither requires full commercial gambling licenses in many jurisdictions.
- **Mission-Aligned Wagering:** In charitable gaming, proceeds are mandated to support social goods; in ADW, they support the continuation of horse racing and agricultural sectors. This distinguishes them from purely profit-driven betting models.
- **Barriers to Entry & Public Trust:** The barrier to entry for charitable gaming and ADW is lower than commercial licenses but higher than unregulated betting apps. This middle ground allows operators to build **public trust through compliance and purpose-aligned messaging**.

- **Potential for Innovation:** Both sectors are actively incorporating **technology and alternative payment systems**, presenting opportunities for modernization, especially in states with restrictions on broader iGaming or sports betting.

Analyzing them together offers a broader view of **how niche wagering models can serve public, economic, and cultural interests while remaining viable in the digital age.**

1.4 Economic, Legal, and Social Relevance

Economic Significance:

- In Minnesota alone, charitable gaming generates over **\$220 million annually** in gross revenue, of which over **\$80 million is contributed to local charities**. Similar programs in **New Hampshire and Ohio** channel millions into educational and civic institutions.
- ADW platforms report annual handles exceeding **\$12 billion**, with revenue-sharing agreements keeping racetracks afloat in declining attendance environments.

Legal Significance:

- Charitable gaming and ADW both sit **at the crossroads of state and federal law**, providing legal precedent and frameworks for other emerging models (such as esports betting or nonprofit fantasy sports).
- These models test the definitions of gambling, requiring **ongoing judicial interpretation and legislative refinement**.

Social Significance:

- Charitable gaming provides vital funding for **veterans' groups, youth organizations, educational programs, and religious institutions**, often in underserved regions.
- ADW supports **rural economies**, equine industries, and heritage events, while also providing a more controlled digital betting experience.

In a climate where public sentiment toward gambling is mixed—often supportive of regulated access, yet concerned with addiction and over-commercialization—these two models offer a **blueprint for balancing revenue, regulation, and public good.**

Section 2: Historical Context

Tracing the Development of Charitable Gaming and Advance Deposit Wagering (ADW) in the United States and Globally

2.1 Origins of Charitable Gaming in the U.S.

Charitable gaming in the United States traces its roots back to **colonial-era lotteries**, which were widely used in the 18th and 19th centuries to fund public projects such as libraries, schools, churches, and bridges. Early American institutions—including **Harvard, Yale, and Princeton**—were partially funded through lottery proceeds. These government-sanctioned games reflected a community-oriented ethos: using gambling as a means to serve the public good.

By the early 20th century, however, growing concerns about fraud and corruption in state-run lotteries led to widespread bans on most forms of gambling. Despite this, certain forms of **benevolent wagering persisted**, particularly in the form of **bingo games operated by churches and veterans' organizations**. During the Great Depression, these informal games gained public favor as acceptable forms of entertainment and social fundraising.

The first modern charitable gaming laws were passed in the **1960s and 1970s**, coinciding with broader state movements to legalize lotteries and pari-mutuel horse racing. **New Hampshire** was the first U.S. state to establish a state lottery in 1964, and it also became a pioneer in allowing bingo and raffles for charitable purposes.

From there, states began codifying specific exemptions in their penal codes and gaming statutes that allowed **qualified nonprofit organizations** to operate games of chance for fundraising purposes, subject to license and reporting requirements. The **1970s–1990s** saw a rapid proliferation of charitable gaming legislation, fueled by the growing popularity of bingo halls, pull-tabs, and “Las Vegas Nights” casino-themed fundraisers.

Today, **43 U.S. states** permit some form of charitable gaming, each with distinct regulatory frameworks. Minnesota stands out for its robust ecosystem, with dedicated oversight from the **Minnesota Gambling Control Board**. In contrast, some states like **Utah and Hawaii** maintain total prohibitions on any form of gambling, including charitable.

2.2 Global Evolution of Charitable Gaming

Internationally, charitable gaming has taken a more **lottery-centric form**, with **state lotteries partnering with nonprofits** or dedicating proceeds to designated causes. Key examples include:

- **Canada:** Provinces like Ontario and British Columbia allow **charitable gaming centers** run in partnership with provincial regulators. These include paper bingo, electronic games, and raffles operated by nonprofits with strict reporting protocols.
- **United Kingdom:** The **People's Postcode Lottery**, along with other society lotteries, channels millions annually into environmental, health, and cultural charities. Operated under the **Gambling Act 2005**, these models blend national regulation with civil society benefit.

- **Australia:** Charitable gaming is allowed under **state-based schemes** with oversight from gaming regulators, including bingo, lotteries, and trade promotion games, often supporting sports clubs and RSLs (Returned and Services League organizations).

These global comparisons offer **regulatory models** that balance gambling controls with efficient nonprofit fundraising, providing useful benchmarks for U.S. stakeholders.

2.3 Origins and Development of Advance Deposit Wagering (ADW)

The origins of ADW are rooted in the **pari-mutuel wagering systems** of the early 20th century. Pari-mutuel betting, where all bets of a particular type are pooled and winnings distributed proportionally among winners (minus a takeout), was first legalized in **Kentucky in 1906** and spread rapidly through racetracks across the U.S.

ADW as a concept emerged in the **late 1990s**, when telephonic and early internet wagering began to offer consumers a way to bet on races without attending the track in person. This innovation coincided with declining racetrack attendance and the need for new revenue models for the horse racing industry.

The legal infrastructure enabling ADW was cemented by the **Interstate Horseracing Act of 1978**, which allowed for the **simulcasting of races and interstate pari-mutuel betting**, provided that consent was obtained from host tracks and state regulators. The IHA was amended in **2000** to formally include **internet-based wagering**, positioning ADW as one of the first legal forms of online gambling in the U.S.

The growth of ADW was further catalyzed by:

- The **decline of off-track betting (OTB) parlors**, which had traditionally served as the primary remote betting locations.
- The **consolidation of racing content rights** and emergence of large national operators like TVG and TwinSpires.
- Technological advancements including **live streaming, real-time odds updating, and mobile compatibility**.

Today, ADW is active in **more than 30 U.S. states**, with handle exceeding **\$12 billion annually**, making it the financial backbone of American horse racing. In several states, ADW operators act as **licensed agents or "hubs"** for out-of-state betting, creating a patchwork of agreements that allow multi-jurisdictional pooling of bets.

2.4 Key Legal Milestones

Charitable Gaming:

- **1964–1980s:** Legalization of charitable bingo and raffles in states like New Hampshire, New York, and Minnesota.

- **1983:** Creation of the **Minnesota Gambling Control Board**, a model for nonprofit oversight.
- **1990s:** Expansion of electronic pull-tabs and charitable casino nights.
- **Post-2010:** Introduction of digital charitable gaming platforms and real-time reporting tools.

ADW:

- **1978:** Passage of the **Interstate Horseracing Act (IHA)**—legal foundation for simulcast and off-track betting.
- **2000:** IHA amended to authorize **internet and account-based wagering** across state lines with proper consent.
- **2006:** UIGEA (Unlawful Internet Gambling Enforcement Act) passes, but includes carve-outs for pari-mutuel wagering under the IHA.
- **2010s–2020s:** ADW growth driven by **mobile apps**, increased streaming, and integration with horse racing’s digital transformation efforts.

2.5 The Converging Timeline

The timelines of charitable gaming and ADW reveal **parallel trends**: both models have evolved through **incremental legalization, technological adoption, and regulatory adaptation**. Importantly, each has served as a testing ground for **balancing public benefit with responsible gaming controls**.

- **Charitable gaming** grew from grassroots church fundraisers to digitally enhanced nonprofit fundraising engines.
- **ADW** transitioned from a telephone-based convenience to a cornerstone of online legal wagering infrastructure.

These models have not only adapted to technological change but have **influenced broader gambling regulation**, offering precedents for licensing, revenue-sharing, and mission-aligned gaming—critical concepts for the future of socially conscious wagering platforms.

Section 3: Legal & Regulatory Landscape

Mapping the Laws, Licenses, and Oversight of Charitable Gaming and Advance Deposit Wagering (ADW)

3.1 Charitable Gaming: U.S. Legal Structure

State-by-State Regulatory Breakdown

Charitable gaming is governed almost entirely at the **state level**, with each jurisdiction implementing its own statutes, license types, and enforcement agencies. As of 2025:

- **43 states** permit some form of charitable gaming.
- **Common formats** include bingo, raffles, pull-tabs, casino nights, and poker tournaments.
- **Licensing thresholds** vary widely by jurisdiction, from simple registration for low-stakes raffles to comprehensive licensing and auditing for larger operations.

Examples:

- **Minnesota:** Among the most developed systems, with electronic pull-tabs, detailed financial reporting, and oversight by the **Minnesota Gambling Control Board**.
- **New Hampshire:** Authorizes “Games of Chance” through licensed venues partnered with nonprofits, with fixed donation percentages.
- **Texas:** Allows bingo and raffles under the **Charitable Bingo Enabling Act**, with proceeds required to support 501(c)(3) purposes.
- **California:** Permits charitable poker nights and raffles but restricts frequency and total prize value.

Types of Licenses and Limitations

Typical licensing categories include:

- **Organization license** (for qualifying nonprofits).
- **Event license** (for single or recurring fundraising activities).
- **Supplier/manufacturer license** (for vendors providing gaming equipment).
- **Premises license** (where applicable, for host venues).

Limitations may include:

- Caps on **prize values** (e.g., \$5,000 per raffle).
- Restrictions on **number of events per year**.
- Required allocation of **net proceeds** (e.g., 40%+ to the charitable cause).
- Background checks and **volunteer-only staffing rules** in some states.

Federal Oversight and Tax Law Intersections

While most regulation is handled at the state level, charitable gaming intersects with **federal law** in key areas:

- **IRS Regulations:** Nonprofits must comply with **Form 990 reporting**, and certain gaming revenues are considered **Unrelated Business Income (UBI)**, subject to taxation.
- **UIGEA (2006):** The Unlawful Internet Gambling Enforcement Act includes carve-outs for **intrastate charitable gaming** if explicitly authorized by state law.
- **Anti-Money Laundering (AML):** Charitable gaming operators must follow relevant **FinCEN rules** if payouts or funds exceed reporting thresholds.

3.2 Advance Deposit Wagering (ADW): U.S. Legal Framework

Federal Enabling Legislation

ADW is primarily governed at the federal level by the:

- **Interstate Horseracing Act of 1978 (IHA):** Legalized interstate simulcast wagering with consent of racetracks, horsemen, and state racing commissions.
- **2000 Amendment to IHA:** Expanded language to include **internet and account-based wagering**, so long as states and regulators consent.
- **UIGEA (2006):** Specifically excludes pari-mutuel wagering on horse races covered by the IHA from its restrictions.

This framework enables ADW to function legally even across state lines, provided proper **state-level approvals** are in place.

State Racing Commission Oversight

While federally permitted, ADW operations must receive approval and oversight from **individual state racing commissions**. These bodies determine:

- Whether ADW is authorized in-state.
- Which operators are licensed as **betting hubs**.
- Revenue-sharing arrangements with racetracks and local horsemen's groups.
- Enforcement of **wagering integrity** and AML protocols.

Examples:

- **New York State Gaming Commission** oversees NYRA Bets and enforces strict KYC and AML rules.
- **California Horse Racing Board (CHRB)** regulates both on-track and ADW operations.
- **Oregon Racing Commission** acts as a licensing hub for multiple out-of-state ADW operators.

Licensing and Taxation Models

ADW operators must obtain:

- **Hub license** from the state where the betting servers are located (e.g., Oregon or North Dakota).
- **Access agreements** with host racetracks in participating states.
- **Revenue-sharing deals** with local stakeholders (often defined by statute).

Taxation varies but typically includes:

- **Handle tax** (a percentage of total betting volume).

- **Operator gross profit tax.**
- Mandatory contributions to **purses and racing infrastructure funds.**

3.3 Global Comparisons

While the U.S. dominates ADW due to its horse racing tradition, and charitable gaming is state-driven, global comparisons offer alternative approaches:

Canada

- Regulated by **provincial gaming authorities** (e.g., AGCO in Ontario).
- Charitable gaming is often operated in partnership with **commercial bingo centers.**
- Pari-mutuel horse betting is regulated by the **Canadian Pari-Mutuel Agency** under federal law.

United Kingdom

- The **Gambling Commission** regulates both charitable lotteries and remote wagering.
- **Society Lotteries** (e.g., People's Postcode Lottery) must apply for operating licenses and meet strict payout and allocation standards.
- ADW-style betting on horse racing is integrated into **Betting Exchange** and **Fixed Odds** systems, with additional consumer protections under the **UK Gambling Act 2005.**

Australia

- Charitable gaming allowed via state regulations; includes bingo, raffles, and trade promotions.
- Horse race wagering managed by **state racing boards**, with most offering **online account-based betting** similar to ADW.

These international models emphasize **centralized oversight**, transparent reporting, and **designated beneficiary structures**—concepts the U.S. could adopt more consistently across states.

3.4 Federal vs. State Conflicts and Emerging Issues

While ADW is federally authorized, its practical application often leads to **tension between state and federal priorities**, including:

- **Taxation disputes** over how revenues are split between host and betting states.
- **Wire Act ambiguity:** Though clarified to apply only to sports betting, its interpretation still creates regulatory friction.
- **Geo-restriction compliance:** Ensuring users are only betting from approved jurisdictions remains a major tech and legal challenge.

Charitable gaming, meanwhile, faces friction in:

- States with **no clear digital regulation**, where e-raffles or mobile bingo apps may operate in a legal gray area.
- Efforts to prevent **money laundering or fraudulent “front” charities** from exploiting loose oversight.

3.5 Regulatory Convergence Trends

Across both verticals, there is movement toward:

- **Standardized KYC protocols** and player identity verification.
- Integration of **AML tools and suspicious activity reporting**.
- Centralized databases of **licensed nonprofit operators and ADW account holders**.
- Cross-state collaboration to allow **interoperable digital platforms**.

As these models mature, expect increased demand for **regulatory harmonization**, especially if more states begin to authorize **charitable iGaming** or expand **ADW into fantasy sports and fixed-odds formats**.

Section 4: Economic Impact

Analyzing the Financial Footprint and Beneficiary Flows of Charitable Gaming and Advance Deposit Wagering (ADW)

4.1 Charitable Gaming: Revenue and Distribution

Revenue Generation in Key States

Charitable gaming is a multibillion-dollar industry in the U.S., with significant variation across states based on the scope of permissible activities and enforcement intensity. Below are recent annual revenue figures from leading states:

- **Minnesota (FY2023)**: Over **\$2.5 billion** in gross receipts, largely from electronic pull-tabs. Roughly **\$360 million** went to operating nonprofits, with \$100M+ used directly for charitable purposes.
- **Ohio**: Charitable bingo and raffles generated **\$980 million** in gross receipts, with licensing fees and audits conducted by the Ohio Attorney General’s Charitable Law Section.
- **New Hampshire**: Games of Chance at charitable gaming rooms generated **\$250 million**, with a state-mandated **35% of net revenue** going to charity partners.

- **Florida and Texas:** Report hundreds of millions in charitable bingo activity but with limited digital integration.

Nationwide, estimates suggest that **charitable gaming contributes \$7–10 billion in gross receipts annually**, with \$1.5–2 billion flowing directly to nonprofit beneficiaries.

How Funds Are Allocated

Unlike commercial casino profits that are retained by corporate stakeholders, charitable gaming proceeds are **legally obligated to be distributed** toward public interest outcomes. These include:

- Veterans’ organizations
- Youth sports and education programs
- Healthcare nonprofits
- Religious organizations
- Community infrastructure (parks, shelters, crisis centers)

Efficiency and Leakage

While the intent of charitable gaming is to maximize public benefit, studies show **efficiency varies significantly**. For example:

- In New York, only **12–15%** of gross receipts from charitable gaming reach beneficiaries after expenses.
- In New Hampshire, strong regulation ensures **30–40%+** of net revenue reaches intended charities.
- Loosely regulated markets often see **high administrative or supplier overhead**, reducing the effective impact.

4.2 Advance Deposit Wagering: Industry Metrics

National Handle and Revenue Growth

ADW platforms process a large portion of the total handle in U.S. horse racing, especially after the pandemic accelerated the shift toward remote betting. Key financial indicators:

- **2023 U.S. ADW Handle:** Estimated at **\$6.5 billion**, up from \$4.8 billion in 2019.
- **Top ADW Operators:**
 - **TVG (FanDuel Racing):** Estimated \$2.4B in handle
 - **TwinSpires (Churchill Downs):** ~\$1.6B
 - **Xpressbet (Stronach Group):** ~\$850M
 - **NYRA Bets:** ~\$500M

Margins for ADW operators are typically **4–8% of handle**, depending on revenue sharing, promotions, and tech overhead. This translates to **\$400–500 million in net revenue annually** for the top players.

Revenue Distribution

Most states mandate revenue splits between:

- **ADW Operator:** Keeps a portion of net win.
- **Host Racetrack:** Receives a negotiated fee or fixed percentage.
- **Horsemen's Groups:** Mandated contribution to purses and racing support.
- **State Government:** Collects taxes and license fees.

These splits vary but are crucial in maintaining the economic viability of the racing ecosystem. For example:

- In California, **2–3% of handle** goes to racetracks and purses.
- In Kentucky, **0.5–1.5%** goes to breeding and regulatory support funds.
- Oregon, as a server-hub state, collects licensing revenue from multiple out-of-state operators.

4.3 Economic Comparison: Charitable Gaming vs. ADW

Metric	Charitable Gaming	ADW
Annual Gross Revenue	~\$10B (U.S. est.)	~\$6.5B (U.S. est.)
Beneficiary Type	Nonprofit organizations	Horsemen, tracks, states
Legal Jurisdiction	State-level	Federal + State
Return to Public Interest	High (intent-based)	Medium (infrastructure and racing)
Market Consolidation	Fragmented	Consolidated (4–5 major operators)
Digital Transformation	Emerging	Mature

Employment and Ecosystem Impact

Charitable gaming supports:

- Thousands of **part-time event workers**, volunteers, and administrators.
- Local businesses and service providers (e.g., food, entertainment, supplies).

ADW supports:

- Technology and payment processing firms.
- Racing facilities, trainers, breeders, and vendors.
- Broadcast and content providers (e.g., FanDuel TV).

4.4 Online and Mobile Growth

ADW has already undergone a full transition to **mobile-first platforms**, with high rates of customer retention through apps offering race replays, handicapping tools, and live streaming.

Charitable gaming is **just beginning to digitize**, with:

- Minnesota's e-pull-tabs driving massive revenue increases.
- A few states piloting **online bingo or raffles**, often limited to in-state residents.

This presents an opportunity for **growth in underserved markets**, particularly where nonprofits seek to engage a younger donor base or diversify revenue beyond traditional donations.

Section 5: Technology & Innovation

How Platforms, Payments, and Compliance Tools Are Reshaping Charitable Gaming and Advance Deposit Wagering (ADW)

5.1 Charitable Gaming's Digital Transformation

While charitable gaming has traditionally been paper-based and event-driven, the last decade has ushered in a wave of **digital disruption**, especially in states with favorable legislation. The most advanced states have deployed **electronic pull-tab machines, online raffle platforms, and mobile registration tools**, enabling nonprofits to modernize how they raise funds through gaming.

Electronic Pull-Tabs (eTabs) and Digital Bingo

- **Minnesota** is the national leader in charitable e-gaming, where touchscreen-based pull-tab machines resembling slot games have replaced paper pull-tabs in many licensed venues.
- eTabs are networked, allowing real-time tracking by the **Minnesota Gambling Control Board**, and support **progressive jackpots**, session tracking, and digital accounting.
- **Bingo software platforms**, such as Planet Bingo or Arrow International, provide audit trails and are used across multiple states.

Online Raffles and Draws

- Some states like **Colorado** and **California** have allowed **online raffles** (e.g., 50/50 drawings at sporting events), powered by companies such as **Rafflebox, AscendFS, and Bump**.
- These platforms ensure **compliance with draw timing, prize allocation rules, and participant restrictions** (e.g., geofencing).

Back-Office Tech and Reporting Tools

- Charitable gaming licensees increasingly rely on tools that integrate **inventory management, payout tracking, tax remittance, and nonprofit financial disclosure**.
- Central systems allow state regulators to **flag unusual payout patterns**, identify compliance breaches, and ensure revenue allocation aligns with nonprofit missions.

5.2 ADW: A Digital-First Ecosystem

Advance Deposit Wagering is inherently digital. From its earliest iteration, ADW operated through **remote account-based betting**, with today's platforms offering fully integrated mobile and desktop experiences. Innovation here has kept pace with fintech and sports betting, particularly in the areas of **user experience (UX), fraud prevention, and content delivery**.

Mobile Betting and Wallets

- Major operators like **FanDuel Racing (TVG), TwinSpires, and NYRA Bets** offer apps with:
 - **One-click wagering**
 - **Live HD streaming of races**
 - **Real-time odds and race results**
 - **Integrated bankroll and tax reporting**
- Wallet systems allow **instant deposits and withdrawals**, often via **ACH, debit cards, PayPal, or branded prepaid cards**.

Geolocation and KYC/AML Compliance

- Like sportsbooks, ADW operators are required to geofence users and comply with **Know Your Customer (KYC)** and **Anti-Money Laundering (AML)** laws.
- Vendors such as **GeoComply** ensure users are physically located in approved jurisdictions.
- Identity verification is powered by tools like **Jumio, IDology, or Socure**, using document scanning, liveness detection, and biometric verification.

Streaming and Content Integration

- ADW operators enhance engagement through **live race feeds**, often with **multiple camera angles, replays, and expert commentary**.
- Platforms are beginning to experiment with **personalized handicapping algorithms** that use AI to recommend bets based on player behavior and race history.

5.3 Cross-Sector Technologies: AI, Blockchain, Gamification

AI for Player Safety and Analytics

- Charitable gaming platforms are exploring AI for **fraud detection, session monitoring, and even targeted responsible gaming messages**.

- In ADW, AI is used to **detect suspicious wagering patterns**, set **custom deposit limits**, and provide **automated customer service chatbots**.

Blockchain for Transparency and Smart Contracts

- Charitable gaming startups are exploring **blockchain-based raffles and e-bingo** to ensure:
 - Transparent draws
 - Immutable audit trails
 - Smart contract-based payout logic
- In ADW, blockchain use is minimal but gaining interest as a way to **secure pari-mutuel pool tracking** or explore **tokenized ownership of horses**.

Gamification to Increase Engagement

- Gamified experiences are increasingly used in both sectors:
 - Charitable gaming: loyalty points for raffle purchases, reward tiers for event attendees.
 - ADW: leaderboards, streak-based bonuses, and tiered VIP betting programs.

5.4 Challenges to Adoption

Despite progress, several factors limit the pace of innovation:

- **Charitable Gaming:**
 - Legal restrictions on online gambling in many states prevent remote play.
 - Aging nonprofit operator base may be resistant to new technologies.
 - Cost of compliance tech and limited scale discourages vendor innovation.
- **ADW:**
 - Racing industry fragmentation hampers unified platform development.
 - Regulatory scrutiny limits experimentation (e.g., esports or fixed-odds).
 - High competition from sportsbooks and fantasy platforms erodes user base.

5.5 Future Outlook: Merging Philanthropy and Fintech

The future of both sectors likely lies in **platform convergence and interoperability**. Emerging trends suggest:

- ADW interfaces could integrate **charitable contributions** (e.g., rounding bets to donate to equine welfare).
- Charitable gaming could be embedded into **streaming platforms, influencer-led raffles, or social casino experiences**.
- As **Web3 wallets and NFT ticketing** grow, regulators may explore ways to align these technologies with nonprofit and racing compliance goals.

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Section 6: Social Good vs. Gambling Harm

Balancing Altruism, Addiction, and Ethical Design in Charitable Gaming and Advance Deposit Wagering

6.1 Charitable Gaming: “Gambling for Good” or Gateway to Harm?

Charitable gaming occupies a unique position in the gambling ecosystem. Unlike commercial casinos or sportsbooks, its central value proposition is the **promotion of nonprofit missions**—from youth sports and veteran services to religious institutions and civic clubs.

Justification Through Social Benefit

- The “public good” argument is the primary justification for legalizing gambling activities under a charitable banner.
- In many U.S. states, **constitutional prohibitions on gambling were amended or sidestepped to allow charitable games**, under the assumption that community benefit outweighed risk.
- Proponents argue that charitable gaming **diversifies nonprofit fundraising**, boosts local economies, and encourages civic engagement.

However, the “**gambling for good**” **model isn’t immune to criticism**. Behavioral economists and addiction researchers caution that charitable branding may **mask the real risks of problem gambling**, especially when the gaming format mimics slot machines or fast-paced wagering.

Behavioral Risks and Regulation Gaps

- Electronic pull-tabs and high-frequency bingo games can **mirror the addictive properties** of commercial electronic gaming machines.
- States vary widely in responsible gambling oversight: few require **problem gambling disclosures**, self-exclusion tools, or time-based limits in charitable gaming venues.
- Since many events are **volunteer-run and community-based**, staff are rarely trained in identifying compulsive gambling behaviors.

6.2 ADW: Problem Gambling in a Digitized Wagering Ecosystem

Advance Deposit Wagering platforms are fully digital and **highly engaging by design**, offering rapid wagers on hundreds of races per day. While horse racing has long been part of the legal gambling landscape in the U.S., the shift to remote access via ADW has heightened both convenience and compulsivity.

Risk Factors Unique to ADW

- **Pari-mutuel betting dynamics**, where odds fluctuate until the race begins, create a **variable reinforcement loop** that heightens risk.
- Unlike sportsbooks, **ADW is not covered by uniform responsible gambling requirements** across states. Many still rely on **industry self-regulation**.
- Some states (like California and Kentucky) have mandated modest contributions from ADW operators toward **problem gambling treatment funds**, but oversight is inconsistent.

Responsible Gambling Tools in ADW

The major ADW platforms do offer a baseline suite of **harm-reduction tools**, including:

- Deposit and time limits
- Reality checks and session timers
- Access to self-exclusion programs
- Activity statements and wagering summaries

However, these features are often **buried within account settings**, and adoption remains low without active nudging or default enrollment.

6.3 Public Perception and Political Support

Charitable Gaming: Broad-Based Approval with Local Control

- In most jurisdictions, charitable gaming maintains **high public approval**, especially when proceeds benefit visible community causes.
- **Ballot initiatives and voter referenda** on expanding charitable gaming usually pass with ease, as the activity is framed not as gambling, but as philanthropy.
- However, public trust **erodes quickly** when investigative reports uncover **low revenue sharing**, fraud, or conflicts of interest among nonprofit operators.

ADW: Mixed Perception Tied to Declining Industry Visibility

- Horse racing enjoys a **traditional, even romanticized** public image in some demographics, but ADW as a product is **less visible** to general consumers.
- Younger audiences often conflate ADW with **sportsbooks or DFS**, creating regulatory and ethical confusion.
- Animal welfare concerns and past race-fixing scandals have also **tarnished racing's reputation**, indirectly affecting public attitudes toward ADW.

6.4 Ethical Considerations: Intent vs. Outcome

A central ethical debate in both sectors hinges on **intent (raising money or offering entertainment)** versus **outcome (potential for harm or exploitation)**.

Factor	Charitable Gaming	ADW
Intent	Fundraising for nonprofit causes	Supporting the horse racing ecosystem
Frequency of Play	Low-to-moderate, event-driven	High-frequency, digital-first
Risk Communication	Often absent or minimal	Present but rarely emphasized
Revenue Use	Directed toward civic benefit	Mixed: operator profit + track + purses
Ethical Dilemma	When community benefit enables addiction	When historic industries rely on risky revenue

6.5 Policy Gaps and Opportunities

Across both sectors, there are multiple opportunities to **strengthen harm mitigation efforts without compromising growth**:

- Require **mandatory training** for charitable gaming event hosts and nonprofit partners on problem gambling signs and referrals.
- Introduce **uniform responsible gambling standards** across all ADW operators, similar to those imposed on sportsbooks.
- Incentivize platforms to adopt **nudging mechanisms**, such as default deposit limits, pre-commitment tools, and AI-based risk monitoring.
- Encourage states to **invest a fixed percentage of gaming tax revenue into independent gambling addiction research** and community education.

Section 7: Comparative Analysis

Contrasting Charitable Gaming and Advance Deposit Wagering Across Regulatory, Economic, and Social Dimensions

7.1 Introduction to Comparative Framework

Though Charitable Gaming and Advance Deposit Wagering (ADW) operate under distinct regulatory frameworks, both occupy a unique niche between commercial gambling and socially acceptable wagering. This section compares these two models across **seven key dimensions**—licensing, profit distribution, audience, social impact, fraud risk, marketing, and accessibility—to illuminate their similarities, differences, and overlapping challenges.

7.2 Licensing & Regulatory Oversight

Aspect	Charitable Gaming	Advance Deposit Wagering (ADW)
Primary Regulators	State-level gaming boards, charitable commissions	State Racing Commissions, Federal Horseracing Act
Federal Framework	IRS code (nonprofit status), UIGEA (indirectly)	Interstate Horseracing Act (1978/2000), UIGEA, Wire Act
Licensees	Nonprofit organizations	Licensed betting operators partnered with race tracks
License Process	Simplified, low-cost, local control	Complex, multi-jurisdictional vetting and partnerships
Jurisdictional	Often hyper-local (e.g., city-level)	Interstate betting allowed under federal

Aspect	Charitable Gaming	Advance Deposit Wagering (ADW)
Limits	permits)	carve-outs

Insight: Charitable gaming is highly decentralized and license-heavy but less scrutinized at the federal level. ADW, though federally protected, faces more intense scrutiny due to money flow, AML, and pari-mutuel mechanics.

7.3 Profit Distribution & Revenue Use

Category	Charitable Gaming	ADW
Primary Beneficiaries	Nonprofit missions, civic organizations	Race purses, track operations, operator margins
Taxation	Varies by state; typically reduced or exempt	Taxed based on handle, GGR, and license type
Profit Sharing Rules	Often mandated percentage to charitable cause	No mandated profit-sharing with nonprofits

Insight: Charitable gaming is explicitly mission-driven; ADW's link to social good is indirect and industry-internal (supporting tracks and breeding programs).

7.4 Audience & Player Motivation

Factor	Charitable Gaming	ADW
Player Motivation	Supporting local causes, social experience	Competition, hobbyist engagement, financial reward
Demographics	Older adults, community participants	Racing enthusiasts, middle-aged males, sports bettors
User Frequency	Event-based, occasional	High-frequency, often daily or weekly

Insight: While ADW players are driven by skill and entertainment, charitable gaming players are often **motivated by altruism or local loyalty**, reducing compulsive play but limiting scalability.

7.5 Social Impact & Public Perception

Impact Area	Charitable Gaming	ADW
Perception	Generally favorable; seen as community support	Mixed; legacy industry with growing integrity concerns
Social Return	Tangible community benefit	Sustains an aging industry with limited local impact
Media	Low, unless fraud exposed	Higher; especially in scandals or

Impact Area	Charitable Gaming	ADW
Scrutiny		regulatory disputes

Insight: Charitable gaming enjoys a stronger “**moral license**” due to its philanthropic mission, while ADW often contends with the broader critiques of gambling and animal welfare.

7.6 Fraud, Compliance & Enforcement

Risk Type	Charitable Gaming	ADW
Common Violations	Misuse of proceeds, improper nonprofit status	Account fraud, KYC lapses, pool manipulation
Monitoring Tools	Manual audits, receipts, periodic reporting	Real-time monitoring, centralized race data, KYC/AML
Enforcement Gaps	Local resource limitations, outdated reporting tools	Multi-jurisdictional complexity, federal/state overlap

Insight: ADW’s digital infrastructure lends itself to more **sophisticated compliance tools**, while charitable gaming remains vulnerable due to **volunteer-run events and analog oversight**.

7.7 Marketing Reach & Channel Strategy

Factor	Charitable Gaming	ADW
Marketing Channels	Local word-of-mouth, flyers, event invitations	Mobile apps, national TV, affiliate and influencer deals
Audience Building	Slow, reliant on community events	Scalable, with CRM-based reactivation
Platform Integration	Minimal, mostly offline or semi-digital	Fully integrated with betting, streaming, and stats

Insight: ADW platforms enjoy the benefits of modern digital marketing, while charitable gaming largely **remains disconnected from growth marketing playbooks**, limiting cross-platform engagement.

7.8 Synthesis: Strategic Tradeoffs

Dimension	Charitable Gaming	ADW
Growth Potential	Moderate (depends on regulatory modernization)	High (if it expands beyond racing or innovates product)
Ethical Standing	Strong, if proceeds reach intended causes	Mixed, tied to industry legacy and regulatory rigor
Innovation	Growing with tech partnerships	Advanced but constrained by racing’s

Dimension	Charitable Gaming	ADW
Horizon		structural limits

Section 8: Controversies & Criticisms

Uncovering the Fault Lines in Charitable Gaming and Advance Deposit Wagering

8.1 Charitable Gaming: Transparency, Misuse, and Oversight Failures

While charitable gaming is legally positioned as a force for good, various controversies have revealed systemic issues in how the sector is regulated, audited, and enforced.

Misuse of Funds and False Charitable Claims

- In several U.S. states, audits have shown **a large portion of charitable gaming revenue failing to reach intended beneficiaries**. Some nonprofits retain under 20% of net revenue, with the rest absorbed by operational or third-party management costs.
- Investigations in states like Minnesota, New Hampshire, and Michigan have uncovered **for-profit entities cloaked in nonprofit status** exploiting lax definitions of "charitable purpose."

Third-Party Operators and Conflicted Interests

- The rise of third-party gaming management firms has complicated oversight. In some states, such firms run hundreds of events on behalf of nonprofits while extracting significant fees.
- This blurs lines between charity and commerce, prompting regulatory backlash and calls for stricter licensing of such entities.

Inconsistent State-Level Reporting

- Most states **lack centralized, transparent reporting systems** for tracking charitable gaming revenue flows and distributions.
- Reporting requirements vary widely: some require quarterly submissions, others only annual summaries—allowing discrepancies to persist undetected.

8.2 Advance Deposit Wagering (ADW): Racing Integrity and Regulatory Loopholes

ADW platforms, while technologically advanced, are not without their share of controversy—particularly regarding transparency, tax obligations, and sport integrity.

Race Fixing and Signal Manipulation

- Horse racing's long history of integrity concerns extends into the digital era. High-profile cases have included:
 - **Doping scandals** involving top trainers that directly affect pari-mutuel payouts on ADW platforms.
 - Allegations of **manipulated post times**, where insider knowledge of late bets influenced outcomes.
- While ADW platforms are typically not complicit, their financial structure is **directly affected by race integrity breaches**.

Tax Avoidance and Cross-State Betting Loopholes

- Because ADW is federally protected via the Interstate Horseracing Act, operators can **accept bets from states where they have no physical presence**, creating questions around:
 - **Where revenue should be taxed**
 - **Which states should receive responsible gaming fund contributions**
- Some states, including New York and California, have attempted to **claw back funds or impose new licensing rules**, but enforcement is uneven.

Accountability Gaps in Customer Protections

- While sportsbooks are increasingly bound by responsible gambling mandates, ADW platforms operate in **a hybrid regulatory environment**, allowing them to:
 - Delay adoption of features like real-time affordability checks
 - Avoid uniform limits on promotions or betting volume
- Critics argue that **the regulatory leniency granted to ADW in the 2000s no longer fits the modern risk profile** of 24/7 digital betting.

8.3 Legal and Political Pushback

Charitable Gaming Expansion Challenges

- Attempts to modernize or expand charitable gaming into **online or mobile platforms** have been blocked in some states due to:
 - **Opposition from commercial casinos** fearing competition under a softer regulatory regime
 - **Legislative confusion** over digital raffles, bingo apps, and e-tab devices
- Legal gray areas have also led to court challenges in states like Texas and Alabama, where bingo operators were accused of violating anti-gambling laws despite nonprofit affiliations.

ADW's Aging Legal Shield

- The **Interstate Horseracing Act’s 2000 amendment**, which legalized online ADW betting, is now over two decades old and **predates the rise of smartphones and modern AML rules**.
- Several watchdog groups have pushed for a **repeal or revision of the Act**, arguing that it gives ADW operators undue advantage compared to sportsbook platforms regulated under newer laws.
- There is also mounting pressure to **harmonize the treatment of racing and other sports wagering under UIGEA and Wire Act interpretations**.

8.4 Gray Market Operators and Regulatory Arbitrage

Both sectors have attracted **unauthorized operators exploiting vague statutes**:

In Charitable Gaming:

- **“Pop-up” raffles or casino nights** run under expired licenses or under the guise of “suggested donations” evade enforcement.
- **Online sweepstakes masquerading as charitable causes** have raised concerns among state AGs, particularly when promoted via social media.

In ADW:

- Unlicensed international firms have targeted U.S. players by offering **racing pools or pick’em contests without regulatory approval**, leveraging the appearance of legitimacy.
- Some **foreign ADW platforms operate using crypto wallets or offshore banking**, avoiding AML/KYC checks required domestically.

8.5 Reputational Risks and Public Distrust

- **Public trust is fragile** in both ecosystems. While most people view charitable gaming positively, **media exposure of fraud or low charity payouts damages sentiment** and jeopardizes legislation supporting expansion.
- In ADW, integrity scandals involving the racing industry—especially those tied to animal welfare or doping—**undermine the legitimacy of the entire vertical**, including its digital extensions.

Section 9: Trends & Forecasts

The Evolution of Charitable Gaming and ADW in a Rapidly Shifting Wagering Landscape

9.1 The Digital Pivot of Charitable Gaming Expansion Into Online and Mobile Platforms

Several states are beginning to **test the waters** with online charitable raffles, e-bingo, and digital pull-tabs. Although regulatory frameworks often lag, nonprofit organizations are pushing for modernization to reach younger donors and expand fundraising capabilities.

- **Minnesota and North Dakota** have authorized e-tabs with touchscreens.
- **Michigan and New Hampshire** are exploring online raffles and bingo.
- Vendors like **Betr™ Charitable, TapKat, and Jackpot Digital** are building compliant platforms for nonprofit use.

The main trend is a **gradual acceptance of digital delivery** as long as compliance is maintained and profits are traceable.

Integration with Social and Esports Communities

Charitable gaming is starting to intersect with **streaming platforms and esports fundraisers**, especially via Twitch, YouTube, and Discord communities. These models often resemble tip jars or loot boxes, but with regulated oversight, they could evolve into **new gamified donation mechanisms** that appeal to Gen Z and Millennials.

9.2 Future Pathways for ADW Beyond Horse Racing: New Wagering Frontiers

ADW platforms are considering **expansion beyond pari-mutuel horse racing**:

- Some are developing **fantasy-style racing pools** for greyhound, harness, and even drone racing.
- Others are investing in fixed-odds betting to compete with sportsbooks—although **licensing and legality vary greatly**.

The long-term survival of ADW may depend on its ability to **diversify the product suite** and appeal to a broader audience, especially as **horse racing attendance and handle decline**.

Possible Integration with iGaming Platforms

ADW operators may pursue **strategic M&A with sportsbook and casino operators**, particularly to:

- **Leverage customer data**
- **Share wallets and geolocation tools**
- **Push racing content during off-peak sports calendar windows**

Such integrations could **blur the lines between traditional ADW and broader online gambling platforms**, raising both regulatory and ethical questions.

9.3 Regulatory Modernization and Reforms on the Horizon

U.S. State-Level Shifts

More states are:

- **Revisiting outdated statutes** that cap prize pools, limit frequency, or prohibit digital charitable events.
- Considering **standardized reporting requirements** to prevent misuse of funds and strengthen public trust.
- Reviewing **equity in distribution**, especially when third-party operators take more than the nonprofit beneficiary.

In the ADW world, some states are:

- **Reassessing taxation and revenue allocation models**, demanding more local reinvestment.
- Tightening rules on promotional credit usage, which can distort true handle data.
- Debating whether ADW should face **the same responsible gaming obligations** as sportsbooks under newer regulations.

Federal Developments

Although unlikely in the short term, there is increasing discussion around:

- **Revising the Interstate Horseracing Act of 1978** to reflect modern betting methods.
- Potential consolidation under a **national regulatory framework for all forms of remote betting**, including ADW, DFS, and charitable gaming apps.

9.4 Market Dynamics and Consolidation

Charitable Gaming: Rising Private-Sector Involvement

Expect a surge in:

- **Tech vendors entering the nonprofit space**, offering compliance-as-a-service or white-label gaming software.
- **Partnerships with social gaming companies**, turning casual games into fundraising tools.
- **Commercial casinos pursuing charitable licenses** for community-focused events to bolster ESG profiles.

ADW: Mergers, Acquisitions, and Platform Wars

A few key developments:

- Larger operators may **consolidate regional ADW services** to gain market share (e.g., TwinSpires pulling out of sports betting to double down on racing).
- New entrants may **repurpose existing DFS or pick'em infrastructure** to offer racing content.
- As sports betting and ADW coexist in more jurisdictions, **wallet sharing and affiliate crossover** will be growth levers.

9.5 Global Lessons & Comparative Growth Paths

Charitable gaming trends in countries like **Canada and Australia** show the potential of:

- National digital platforms with real-time compliance tools
- Lottery integrations that include dedicated charity draws
- Federally regulated e-raffle frameworks with substantial prize caps

Meanwhile, **the UK and Ireland's racing betting ecosystems** demonstrate the risks of:

- Over-reliance on operator consolidation
- Shrinking media rights deals
- Reduced public interest without substantial reinvention

These lessons offer strategic insights for U.S. stakeholders considering how to **future-proof both charitable and racing-linked wagering**.

Section 10: Strategic Recommendations

Charting a Responsible and Profitable Path Forward for Charitable Gaming and ADW

10.1 For Policymakers: Modernize, Harmonize, and Protect Charitable Gaming

- **Update state statutes** to reflect the reality of digital fundraising, including explicit provisions for mobile bingo, e-tabs, and online raffles.
- Implement **uniform reporting standards** across all licensed charities and third-party operators.
- Introduce **mandatory revenue share minimums** for nonprofits (e.g., at least 30–50% of net proceeds), similar to thresholds in states like Minnesota.

Advance Deposit Wagering

- **Amend federal legislation** (e.g., Interstate Horseracing Act) to reflect mobile and biometric betting systems.
- Require all ADW operators to **comply with modern Responsible Gaming (RG) protocols**, including deposit limits, loss limits, and real-time alerts.
- Consider a **unified licensing and tax model** for ADW across states to close jurisdictional gaps and prevent gray-area practices.

10.2 For Operators: Transparency and Technology as Strategic Assets Charitable Gaming Operators

- Invest in **blockchain or ledger-based reporting tools** to automatically validate revenue flow and donations.
- Embrace **gamification responsibly**—build loyalty and fun while aligning with fundraising goals.
- Collaborate with **streaming influencers, esports leagues, and local organizations** to attract new donor demographics, especially under 40.

ADW Operators

- Position ADW not just as a betting product, but as part of a **broader sports entertainment ecosystem**—offering community contests, replays, and education for new bettors.
- Leverage **AI and predictive analytics** for customized bettor experiences, while embedding responsible gaming by design.
- Partner with sportsbook and iGaming platforms for **wallet integration and cross-channel promotions**, but maintain transparent delineation of revenue and risk profiles.

10.3 For Technology Vendors and Consultants: Build Compliance Infrastructure

There is significant opportunity to:

- Develop **white-label charitable gaming platforms** for non-tech-savvy nonprofits with embedded compliance, donation routing, and age verification.
- Create **turnkey RG solutions** for ADW operators that include geofencing, affordability checks, and biometric account protections.
- Help jurisdictions build **centralized audit dashboards** for charitable gaming regulators to review and benchmark performance across operators.

10.4 For Investors: Identify Hybrid and Frontier Models

- Look for “**hybrid**” **platforms** that combine gaming and fundraising, such as nonprofit-led fantasy contests or gamified educational apps tied to cause-based funding.
- Monitor markets in **Latin America, Canada, and tribal jurisdictions**—where newer charitable gaming legislation is either under review or emerging.
- Target **ADW-adjacent startups** that bring modern features to an aging infrastructure—particularly those exploring racing content beyond horses, like drone racing, AI-based betting pools, or virtual events.

10.5 For Industry Coalitions: Promote Responsible Innovation

- Form **joint advisory groups** between charitable orgs, commercial casinos, and ADW operators to develop best practices in fundraising, player protection, and tech deployment.
- Launch **public education campaigns** to distinguish compliant charitable gaming from illegal games or scams, rebuilding public trust.
- Support pilot programs that **test new models**—such as digital sweepstakes raffles, or ADW platforms that donate a percentage of handle to animal welfare causes or racing industry workforce funds.

10.6 Imagining the Future: The Hybrid Model

A potential innovation could be the development of a “**Charitable Fantasy Pick’Em**” **platform**, where:

- Entry fees go to licensed nonprofits.
- Users play skill-based contests similar to DFS.
- Winnings are capped or donated back to nonprofits (optionally).
- The platform functions under **state charitable gaming laws rather than gambling statutes**, expanding access while preserving legal compliance.

This type of model could unify the **engagement of fantasy sports with the goodwill of nonprofit giving**, creating a truly **socially-aligned wagering experience**.

Appendices & Sources

Appendix A: U.S. State-by-State Charitable Gaming Regulations (Overview)

State	Permitted Games	Licensing Authority	Key Limits	Digital Options
Minnesota	Bingo, pull-tabs, raffles	Minnesota Gambling Control Board	Prize limits, licensed nonprofit	E-tabs allowed
Ohio	Bingo, raffles	Ohio Attorney General	Only 501(c)(3) orgs, location limits	Some local e-raffles
New Hampshire	Bingo, poker, raffles	NH Lottery Commission	35% minimum to charities	Online raffles permitted
Texas	Bingo	Texas Lottery Commission	Weekly caps, nonprofit only	No digital gaming allowed
Michigan	Raffles, Millionaire Parties	Michigan Lottery	\$500k event limit, licensed vendors	Digital license pilot active
California	Raffles	CA DOJ	90% of proceeds to charity	Online sales restricted

Note: This table is abbreviated. Full data set available upon request.

Appendix B: ADW Handle and Revenue Growth (U.S., 2013–2023)

Year	Total U.S. ADW Handle	YoY Growth
2013	\$3.1B	—
2015	\$3.6B	+16%
2017	\$4.3B	+19%
2019	\$5.4B	+25%
2020	\$6.9B	+28% (COVID boost)
2023	\$7.8B	+13%

Source: Equibase, State Racing Commissions, operator disclosures

Appendix C: Case Studies

1. Jackpot Digital's Charity Raffle Platform

A licensed online system for nonprofits to run legally compliant raffles in Canada. Their platform includes KYC, payment processing, and automated winner selection.

2. TwinSpires (Churchill Downs Inc.)

A leading U.S. ADW operator. In 2022, TwinSpires shut down its sports betting platform to refocus on horse racing and core ADW markets, highlighting the continued resilience of ADW even amid broader market shifts.

Sources

Below is a curated list of **academic, regulatory, and credible industry sources** used throughout the report:

- National Council of Legislators from Gaming States (NCLGS)
- American Gaming Association (AGA)
- National Conference of State Legislatures (NCSL)
- Equibase: U.S. Racing Handle Data
- Minnesota Gambling Control Board Reports
- Ohio Attorney General Charitable Gaming Guide
- New Hampshire Lottery Commission: Charitable Gaming Division
- Michigan Gaming Control Board Annual Reports
- Internal Revenue Service (IRS): Tax Guide for Charities & Gambling
- U.S. Department of Justice: Wire Act Enforcement Reports
- Churchill Downs Inc. (TwinSpires) SEC Filings
- UK Gambling Commission: Charitable Lotteries Guidelines
- Alberta Gaming, Liquor & Cannabis: Charitable Gaming Model
- Journal of Gambling Studies (Springer)
- Gambling Compliance by VIXIO
- TapKat Fundraising & Jackpot Digital Industry Overviews
- National Center for Responsible Gaming (NCRG)
- ADW operator websites: TVG, NYRA Bets, Xpressbet