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House Committee on Government Operations and Military Affairs

Testimony of John A. Pappas, SVP Government & Public Affairs, GeoComply

Chairman McCarthy, Vice Chair Birong and members of the Committee, thank you for the opportunity to testify today. My name is John Pappas, and I am the Sr. Vice President of Government and Public Affairs for GeoComply.

GeoComply is a global leader in geolocation, identity verification, and anti-fraud technology. The company supports regulated online sports betting, casino, poker, iLottery, advanced deposit horse wagering, and daily fantasy sports operators in 48 US states.

We hold nearly 40 jurisdictional licenses in the U.S. and both government and independent testing laboratories validate our software. Each day, we process upwards of 40 million geolocation transactions.

GeoComply was founded for the purpose of delivering a geolocation system to support the US internet gaming market. However, over the years, we have become a one-stop shop for various compliance needs for tightly regulated industries. Along with our leading geolocation security tools, we work with companies to address the needs of "know your customer" compliance through our ID Comply services. This dynamic age and identity verification system and our advanced geolocation and fraud detection technologies deliver unparalleled oversight for operators and regulators.

From the company's inception, we recognized the challenge facing US Intra-State iGaming and the need for high-caliber technology to act as the legal enabler and safety net. Our technology enables online operators and regulators to meet the demands of federal law such as the Wire Act, Unlawful Internet Gambling Enforcement Act (UIGEA), and the sovereignty of states that choose to opt-in or out of online wagering.

Members of this committee may be familiar with location data sources such as GPS, wifi, and cell towers. This data is used to power many useful consumer applications that rely on geolocation such as Google Maps, Uber and placing a coffee order at the closest Starbucks. However, the main difference between these open-door tools and compliance-grade geolocation -- required for regulated internet betting -- is the way in which we interrogate that location data to ensure it is trusted and secure.

We cannot simply rely on IP data to determine a player's location. We dig far deeper. Our technology analyzes data sources based on a combination of WiFi, GPS, Cell tower, IP, and Bluetooth to verify a player's location.



GeoComply's technology detects and blocks the use of proxies, VPNs, remote desktop software, virtual machines, mock location settings, developer tools; the list goes on. We employ full-time teams in multiple countries that keep up to date with the latest spoofing technologies available, and we regularly adjust our systems to detect them. By the time GeoComply's system approves or denies a geolocation transaction, it will have been subjected to over 350 analytical checks to verify that only legal bets are permitted.

To help illustrate how geolocation works for regulated internet sports betting we have a live demonstration of our technology in action. ([Demo & Explanation of PinDrop Map](#)).

This live map shows real-time geolocation checks occurring in New York, where GeoComply supports 100% of the online sports betting market. Over 80% of New York's current online sports betting traffic originates from within 10 miles of the border, thus highlighting both the importance but also effectiveness of pinpoint accurate geolocation technologies.

Each of those pin drops is a user on a PC, Mac, iPhone, Android device, or tablet being securely located to either allow play within state borders, right up the state line or to block access for unauthorized users in close proximity to the border areas. These checks occur throughout the duration of an online session, where checking frequency is determined based on proximity to the border.

I now want to turn your attention to a PPT we prepared that looks at GeoComply data and demonstrates the level of interest in sports wagering in Vermont. ([Share PPT entitled, "Vermont Players Seek Out Legal Sports Betting."](#))

Vermonters are already familiar with GeoComply. Since the start of the NFL season, our technology has identified more than 139,000 attempts to access legal sports books in other states. This came from nearly 17,000 user accounts. Of course, our technology blocked those individuals from placing a bet while located in Vermont.

67% of those geolocation checks attempted to access sportsbooks in the neighboring state of NY.

But we also know that players don't just try to bet from inside Vermont and then give up after we block them. Data shows that more than 300 times, a person attempted to access a sportsbook in New York from Vermont, then a short time later, this person traveled into New York and successfully accessed their account to bet. While this is not a huge number, it is just a snapshot of Vermonters seeking legal options. We cannot track the tens of thousands of times Vermonters placed bets on illegal, offshore sportsbooks not regulated in the U.S. and with zero consumer protections.



GeoComply has built strong partnerships with operators and regulators in every state where our geolocation technologies are used. We are excited about the potential to expand our work in Vermont where our robust geolocation solutions will continue to protect Vermonters and guarantee future sports wagering in Vermont is in full compliance with the demands of the law.

Thank you very much for the opportunity to testify today. I would be happy to address any questions you may have about the role geolocation technology will play in supporting Vermont's sports betting industry.

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