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SPORTS BUSINESS

One of Virginia's new online sportsbooks plans to share revenue with the state's HBCUs



D.C.-area developer and gaming executive Dennis Cotto is partnering with Golden Nugget on a new sports betting app in Virginia.

JESSICA COTTO



By Alex Koma
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With millions flowing into Virginia's nascent sports betting industry, one of the newest sportsbooks to enter the mobile market is looking to share the love with the state's historically Black colleges and universities.

Fresh off winning a license from Virginia Lottery officials Monday, Golden Nugget Online Gaming will split \$1 million among the state's five HBCUs to fund scholarship programs. And the company plans to devote a percentage of its revenues to those schools going forward as well, in a bid to support historically underserved institutions and win a bit of goodwill in the process.

“From the beginning, we thought about how to set ourselves apart from people just saying, ‘Here’s how much money we make in New Jersey, you should pick us for a license,’” said Kevin Vonasek, the company’s vice president of corporate development, who is leading the casino corporation’s push into online sports betting.

Golden Nugget is partnering with Dennis Cotto, a local developer and gaming executive, to launch the new mobile app. Cotto’s Vienna-based Bet On Gaming Holdings LLC will be the state’s first minority-owned sports betting license holder, and he felt it was important to show a financial commitment to people of color to build trust in the community.

He expects that the partnership will donate between 2% and 3% of its annual revenue to Virginia’s HBCUs, which he hopes will amount to “mid-six-figures every year.” And he’s also promised to make another \$1 million donation to Virginia Union University in Richmond, should city officials pick the Golden Nugget team from among a half-dozen bidders looking to open a physical casino there.



Cotto is hoping this focus on HBCUs will ultimately become a model for other companies to enter the sports betting market.

Though Virginia has already handed out nine licenses to sportsbooks, state officials could allow more companies to start operating, especially should Gov. Ralph Northam sign legislation expanding the number of licenses available. And that bill also includes language directing Lottery officials to give priority to both minority-owned companies and those that “provide assistance to a historically disadvantaged community or historically Black colleges and universities.”

But, as Vonasek notes, that provision hasn’t actually taken effect yet, so Golden Nugget “was doing this of our own volition before legislators mandated this, so we’re hoping this puts us in good standing.” Cotto said he urged state lawmakers to

include that provision in the bill to encourage others to follow this lead.

And Vonasek added that Maryland legislators are considering similar requirements as they weigh sports betting legalization, which could set the company up for success should the state take the plunge as well.

“We see this as the most tangible way to give back to the community,” Cotto said.

Of course, Golden Nugget needs to actually start accepting bets before it can start making those contributions. Cotto expects that will happen by “May or June,” as he still needs to complete the process of testing software for the mobile app.

He’s ultimately to hoping to claim about 6% of the state’s increasingly crowded mobile betting market. That’s something that will require the advertising blitz mounted by Golden Nugget’s competitors, as well as a flurry of promotions to lure in new bettors.

Vonasek said the company will look to “target” those marketing efforts, however, and not cast as wide a net as some of the other sportsbooks in the state. He hopes Virginia will eventually legalize online casino games as well as sports betting, so he’ll try to find bettors that are likely to embrace Golden Nugget for those games as well in the future.

“We intend to enter the market with the traditional promotions and free bets,” Vonasek said. “But we’ll also focus our marketing toward players that have a higher propensity to play in the casino, whether it’s brick-and-mortar or online.”

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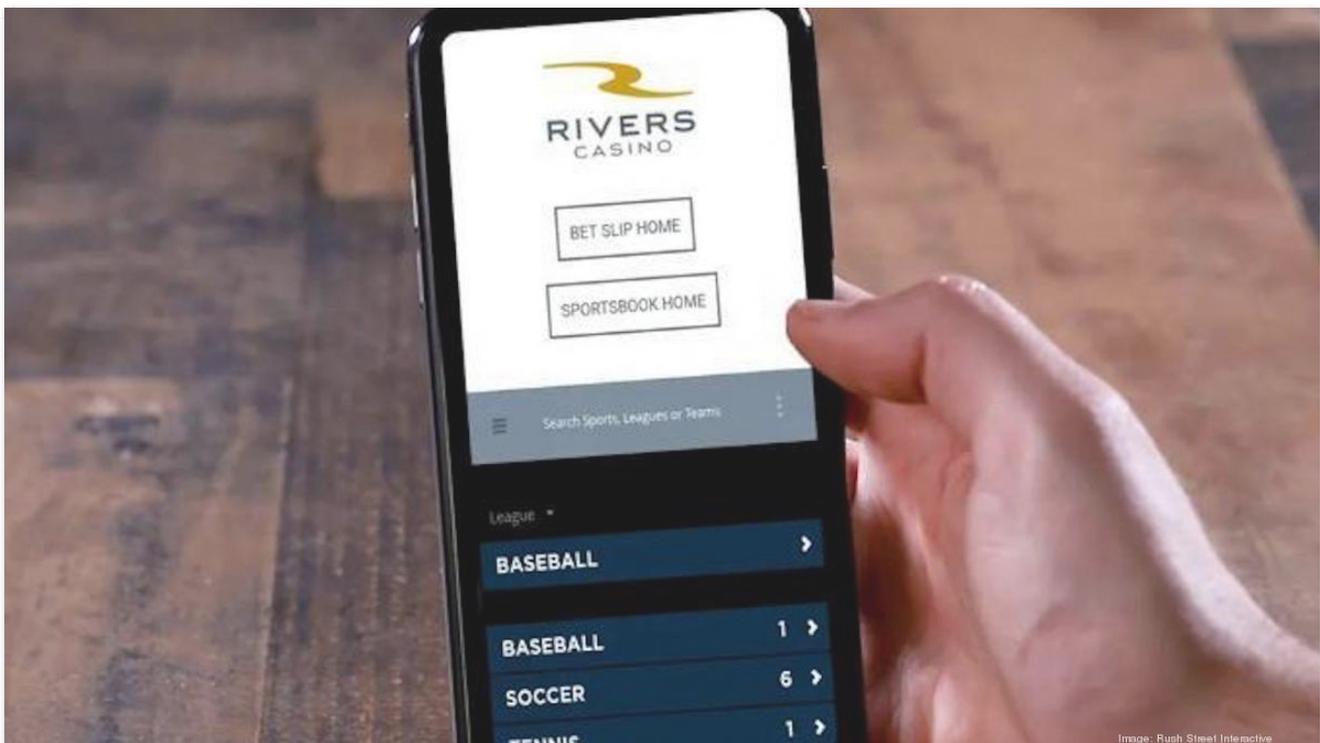


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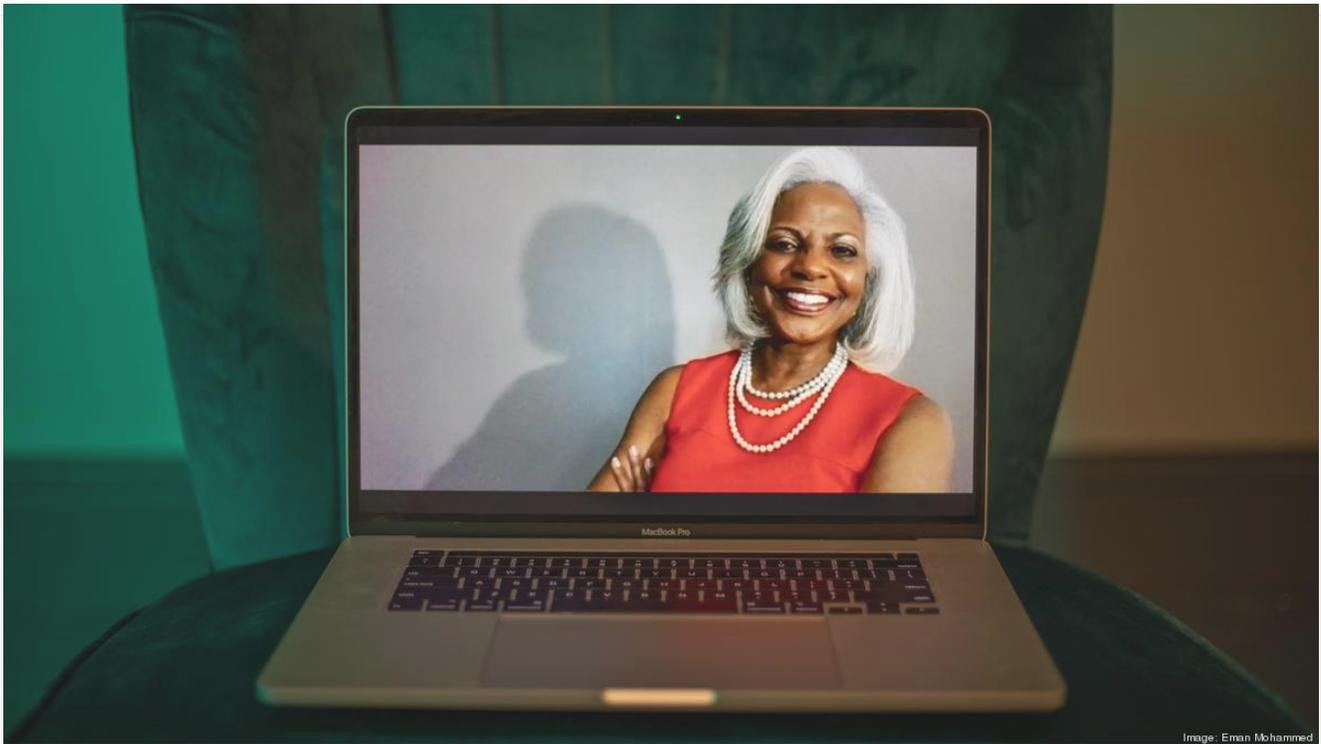


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