

Sports Betting in the Workplace: Ensuring the Super Bowl and March Madness Don't Cause Legal Madness and Super Problems

February 5, 2025

By Sarah Goodman



Dear Sarah,

My employees want to do a fantasy football league. I don't really care as long as it doesn't mess with their work. Is there any reason I need to worry about this, or can I just let them go at it?

– Janet "I'm Not the HR Police" from Accounting

It's the season for sports betting excitement, with the Super Bowl upon us and March Madness just around the corner. Your employees are likely buzzing with talk of squares, brackets, and maybe even some secret side bets. While these friendly competitions can boost morale and foster camaraderie (especially for remote or hybrid teams), there are some legal considerations to keep in mind. Because as much fun as a bracket challenge can be, sports betting could land you in a legal bind if you're not careful.

Is Workplace Sports Betting Legal?

Thirty-eight states and Washington D.C. have legalized sports betting in some form since the U.S. Supreme Court struck down the federal ban in 2018. But here's the kicker: the regulations vary widely. Some states have specific exceptions that allow for "social gambling," meaning office pools can be permissible if they meet certain conditions, like ensuring no one running the pool profits. The rules on what qualifies as a "social" game and what constitutes "illegal" gambling can be murky, and those rules are still evolving. For instance, New York introduced a bill in 2023 to specifically legalize Super Bowl squares. Gambling and unlicensed sports betting, including office pools, are prohibited in many states and under the Interstate Wire Act of 1961 (IWA) and the Uniform Internet Gambling Enforcement Act of 2006 (UIGEA). The IWA makes it illegal for anyone in the U.S. to place or receive wagers on any sporting event or contest that involves interstate or foreign commerce. The UIGEA criminalizes the act of accepting funds for unlawful internet gambling, specifically by those "engaged in the business of betting or wagering." With the rise of remote and hybrid work setups, there's an increased risk that office pools could cross state lines, triggering the laws of multiple states and federal gambling regulations. So while you might think it's just a friendly office competition, the law might say otherwise in certain jurisdictions.

Understanding Which State Laws Apply

Modern companies are no longer limited to hiring people from the state in which they are based, and remote-first businesses often have employees spread across multiple states with differing legal stances on sports betting.

In most cases, the laws that govern sports betting are determined by where employees are physically located. If an employee is based in a state where sports betting is illegal, they may be restricted from participating in sports betting activities, regardless of whether the company itself operates in a jurisdiction where betting is legal. Companies with large, distributed teams need to have systems in place to track the physical location of employees and assess legal requirements accordingly. This is where working with a payroll provider, human resources tools, or compliance experts can be incredibly valuable in staying informed about location-based regulations.

The rise of fully remote and hybrid work models has made this issue even more complex. For companies with employees working remotely from different states, where the employee is physically working from at any given time becomes key. For example, if an employee works from a state where sports betting is illegal, they may not be permitted to place bets, even if they are working for a company based in a state where the activity is allowed. If a company is headquartered in a state where sports betting is legal, but some employees are working remotely from states where it's banned, the company may need to consider how to handle internal policies and even provide guidance about prohibited activities.

Consider Non-Monetary Alternatives: Prizes Don't Have to Be Cash

The risk of violating gambling laws can be reduced significantly when the pool doesn't involve money. You could opt for fun, non-cash prizes like extra time off, a team lunch, or even just bragging rights. These types of prizes keep things light and engaging without the potential legal risks associated with monetary rewards

Maintain Productivity Amidst the Madness

Between filling out brackets and selecting squares, productivity could take a hit. If employees are sneaking off to check scores, make sure you set expectations about what's acceptable during work hours. Some companies have implemented policies where pools and betting activities are restricted to non-work hours, or at least during designated breaks. This helps mitigate the negative impact on productivity and keeps employees engaged without the legal headaches.

Mitigate Common Risks with Written Policies

A well-drafted company policy on sports betting can help minimize legal risk and clarify the boundaries for employees. A "no betting" policy or a policy that outlines clear, specific rules for office pools is a great start.

An effective company policy on sports betting should touch on:

- *Participation*: Restrict participation to employees in states where it's legal and clarify eligibility criteria. Emphasize that participation should always be voluntary to respect those who choose to opt out for personal, religious, or addiction-related reasons.
- *Profits and Prizes*: To avoid crossing into illegal territory, ensure that the person running the pool isn't taking a cut of the money. This is a common rule in states that allow office pools: the organizer must not profit in any way. Be sure to also comply with any local laws that limit or restrict prize money. If your pool will offer non-monetary prizes, outline them in your policy.
- *Procedures and Expectations*: Prohibit employees from using work devices or company time to organize or manage pools. Encourage participation during breaks or outside of work hours. You should also establish procedures to address any potential complaints or violations that may arise to ensure fairness and transparency.

Takeaway

Where legal, office sports betting pools can be a great way to build morale and camaraderie, but they require careful planning to comply with the law. With the proper planning and compliance with the relevant laws, you can foster a fun and compliant workplace environment that avoids unnecessary risks.