

FIRST REGULAR SESSION

HOUSE BILL NO. 1149

102ND GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE DIEHL.

2397H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal sections 313.905 and 313.915, RSMo, and to enact in lieu thereof two new sections relating to gaming.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Sections 313.905 and 313.915, RSMo, are repealed and two new sections
2 enacted in lieu thereof, to be known as sections 313.905 and 313.915, to read as follows:

313.905. As used in sections 313.900 to 313.955, the following terms shall mean:

2 (1) "Authorized internet website", an internet website or any platform operated by a
3 licensed operator;

4 (2) "Commission", the Missouri gaming commission;

5 (3) "Entry fee", anything of value including, but not limited to, cash or a cash
6 equivalent that a fantasy sports contest operator collects in order to participate in a fantasy
7 sports contest;

8 (4) "Fantasy sports contest", any fantasy or simulated game or contest with an entry
9 fee in which:

10 (a) The value of all prizes and awards offered to the winning participants is
11 established and made known in advance of the contest;

12 (b) All winning outcomes reflect in part the relative knowledge and skill of the
13 participants and are determined predominantly by the accumulated statistical results of the
14 performance of individuals, including athletes in the case of sports events; and

15 (c) No winnings outcomes are based on the score, point spread, or any performance of
16 any single actual team or combination of teams or solely on any single performance of an
17 individual athlete or player in any single actual event.

EXPLANATION — Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

18

19 **The term "fantasy sports contest" shall also include peer-to-peer fantasy sports**
20 **contests;**

21 (5) "Fantasy sports contest operator", any person, entity, or division of a corporate
22 entity that offers a platform for the playing of fantasy contests, administers one or more
23 fantasy contests with an entry fee, and awards a prize of value;

24 (6) "Highly experienced player", a person who has either:

25 (a) Entered more than one thousand contests offered by a single fantasy sports contest
26 operator; or

27 (b) Won more than three fantasy sports prizes of one thousand dollars or more;

28 (7) **"In-game outcome", the result of any play, performance, or other aspect of**
29 **an athletic or sporting event occurring during the course of such event that is unrelated**
30 **to the event's outcome;**

31 (8) "Licensed operator", a fantasy sports contest operator licensed pursuant to section
32 313.910 to offer fantasy sports contests for play on an authorized internet website in Missouri;

33 ~~[(8)]~~ (9) "Location", the geographical position of a person as determined within a
34 degree of accuracy consistent with generally available internet protocol address locators;

35 ~~[(9)]~~ (10) "Location percentage", for all fantasy sports contests, the percentage,
36 rounded to the nearest one-tenth of one percent, of the total entry fees collected from
37 registered players located in the state of Missouri at the time of entry into a fantasy contest,
38 divided by the total entry fees collected from all players, regardless of the players' location, of
39 the fantasy sports contests;

40 ~~[(10)]~~ (11) "Minor", any person less than eighteen years of age;

41 ~~[(11)]~~ (12) "Net revenue", for all fantasy sports contests, the amount equal to the total
42 entry fees collected from all participants entering such fantasy sports contests less winnings
43 paid to participants in the contests, multiplied by the location percentage;

44 (13) **"Peer-to-peer fantasy sports contest", any fantasy or simulated game or**
45 **contest with an entry fee in which one registered player places a wager with one or more**
46 **registered players based on the outcome of the contest. Peer-to-peer fantasy sports**
47 **contests shall include any contest in which:**

48 (a) **Winning outcomes reflect in part the relative knowledge and skill of the**
49 **participants and are determined predominantly by the accumulated statistical results of**
50 **the performance of individuals, including athletes in the case of sports events, and in**
51 **which no winning outcomes are based on the score, point spread, or any performance of**
52 **any single actual team or combination of teams or solely on any single performance of**
53 **an individual athlete or player in any single actual event; or**

54 **(b) Winning outcomes are based on the score, point spread, any performance of**
55 **any single actual team or combination of teams, any single performance of an individual**
56 **athlete or player in any single actual event, or any in-game outcome;**

57 ~~[(12)]~~ **(14)** "Player", a person who participates in a fantasy sports contest offered by a
58 fantasy sports contest operator;

59 ~~[(13)]~~ **(15)** "Prize", anything of value including, but not limited to, cash or a cash
60 equivalent, contest credits, merchandise, or admission to another contest in which a prize may
61 be awarded. **Such term shall also include winnings from wagers placed in peer-to-peer**
62 **fantasy sports contests;**

63 ~~[(14)]~~ **(16)** "Registered player", a person registered pursuant to section 313.920 to
64 participate in a fantasy sports contest;

65 ~~[(15)]~~ **(17)** "Script", a list of commands that a fantasy-sports-related computer
66 program can execute to automate processes on a fantasy sports contest platform.

313.915. 1. In order to ensure the protection of registered players, an authorized
2 internet website shall identify the person or entity that is the licensed operator.

3 2. A licensed operator shall ensure that fantasy sports contests on its authorized
4 internet website comply with all of the following:

5 (1) All winning outcomes are determined by accumulated statistical results of fully
6 completed contests or events, and not merely any portion thereof, except that fantasy
7 participants may be credited for statistical results accumulated in a suspended or shortened
8 contest or event which has been called on account of weather or other natural or unforeseen
9 event;

10 (2) Registered players shall not select athletes through an autodraft that does not
11 involve any input or control by a registered player, or to choose preselected teams of athletes;

12 (3) A prize shall not be offered to or awarded to the winner of, or athletes in, the
13 underlying competition itself; and

14 (4) Fantasy sports contests shall not be based on the performances of participants in
15 high school or youth athletics.

16 3. **(1) In addition to the provisions of subsection 2 of this section, a licensed**
17 **operator shall ensure that wagers placed by registered players in peer-to-peer fantasy**
18 **sports contests on the licensed operator's authorized internet website shall comply with**
19 **any limits placed on such wagers by the licensed operator.**

20 **(2) In addition to the entry fee for a peer-to-peer fantasy sports contest, a**
21 **licensed operator shall ensure that wagers placed on such peer-to-peer fantasy sports**
22 **contest are remitted in advance of the contest, except that wagers placed on in-game**
23 **outcomes shall be remitted in advance of the in-game outcome on which the wager is**

24 **placed. Such wagers shall be kept segregated from player funds and operational funds**
25 **as provided under subsections 5 and 6 of this section.**

26 **(3) A licensed operator shall deposit any wager won by a registered player into**
27 **such registered player's account as other prizes are deposited under subdivision (4) of**
28 **subsection 4 of this section.**

29 **4.** A licensed operator shall have procedures approved by the commission before
30 operating in Missouri that:

31 (1) Prevent unauthorized withdrawals from a registered player's account by the
32 licensed operator or others;

33 (2) Make clear that funds in a registered player's account are not the property of the
34 licensed operator and are not available to the licensed operator's creditors;

35 (3) Segregate player funds from operational funds as provided under subsections [4] **5**
36 **and [5] 6** of this section;

37 (4) Ensure any prize won by a registered player from participating in a fantasy sports
38 contest is deposited into the registered player's account within forty-eight hours or mailed
39 within five business days of winning the prize except as provided under section 313.917;

40 (5) Ensure registered players can withdraw the funds maintained in their individual
41 accounts, whether such accounts are open or closed, within five business days of the request
42 being made, unless the licensed operator believes in good faith that the registered player
43 engaged in either fraudulent conduct or other conduct that would put the licensed operator in
44 violation of sections 313.900 to 313.955, in which case the licensed operator may decline to
45 honor the request for withdrawal for a reasonable investigatory period until its investigation is
46 resolved if it provides notice of the nature of the investigation to the registered player. For the
47 purposes of this provision, a request for withdrawal will be considered honored if it is
48 processed by the licensed operator but delayed by a payment processor, credit card issuer or
49 by the custodian of a financial account;

50 (6) Allow a registered player to permanently close their account at any time for any
51 reason; and

52 (7) Offer registered players access to their play history and account details.

53 **[4-] 5.** A properly constituted special purpose entity shall be approved by the
54 commission as a sufficient means of segregating player funds from operational funds **and**
55 **wagers placed in peer-to-peer fantasy sports contests.** A properly constituted special
56 purpose entity shall:

57 (1) Have a governing board that includes one or more corporate directors who are
58 independent of the fantasy sports contest operator and of any corporation controlled by the
59 fantasy sports contest operator;

60 (2) Hold, at a minimum, the sum of all authorized player funds held in player
61 accounts for use in fantasy sports contests;

62 (3) Reasonably protect the funds against claims of the operator's creditors other than
63 the authorized players for whose benefit and protection the special purpose entity is
64 established;

65 (4) Distribute funds only for the following purposes:

66 (a) For player account balance withdrawals or partial balance withdrawals made upon
67 the specific request of the player;

68 (b) For income earned on the account, and owed to the fantasy sports operator,
69 calculated as the remainder of all entry fees paid by users for fantasy sports contests minus all
70 user winnings and cash bonuses paid or owed to users, payable to the fantasy sports contest
71 operator;

72 (c) To the Missouri gaming commission in the event that the fantasy sports operator's
73 license expires, is surrendered, or is otherwise revoked. The Missouri gaming commission
74 may interplead the funds in the Cole County circuit court for distribution to the authorized
75 players for whose protection and benefit the account was established and to other such
76 persons as the court determines are entitled thereto, or shall take such other steps as necessary
77 to effect the proper distribution of the funds, or may do both; or

78 (d) As authorized in writing in advance by any agreement approved by the Missouri
79 gaming commission;

80 (5) Require a unanimous vote of all corporate directors to file bankruptcy;

81 (6) Obtain permission from the Missouri gaming commission prior to filing
82 bankruptcy or entering into receivership;

83 (7) Have corporate governance requirements which prohibit commingling of funds
84 with that of the fantasy sports contest operator except as necessary to reconcile the accounts
85 of players with sums owed by those players to the fantasy sports contest operator;

86 (8) Be restricted from incurring debt other than to fantasy sports players under the
87 rules that govern their accounts for contests;

88 (9) Be restricted from taking on obligations of the fantasy sports contest operator
89 other than obligations to players under the rules that govern their accounts for contests; and

90 (10) Be prohibited from dissolving, merging, or consolidating with another company
91 without the written approval of the Missouri gaming commission while there are unsatisfied
92 obligations to fantasy sports contest players.

93 ~~[5-]~~ 6. The commission, at its discretion, may approve other commercially reasonable
94 approaches to segregation of funds so long as they adequately protect Missouri player
95 accounts.

96 ~~[6:]~~ 7. A licensed operator shall establish procedures for a registered player to report
97 complaints to the licensed operator regarding whether his or her account has been
98 misallocated, compromised, or otherwise mishandled, and a procedure for the licensed
99 operator to respond to those complaints.

100 ~~[7:]~~ 8. A registered player who believes his or her account has been misallocated,
101 compromised, or otherwise mishandled should notify the commission. Upon notification, the
102 commission may investigate the claim and may take any action the commission deems
103 appropriate under subdivision (4) of section 313.950.

104 ~~[8:]~~ 9. A licensed operator shall not issue credit to a registered player.

105 ~~[9:]~~ 10. A licensed operator shall not allow a registered player to establish more than
106 one account or user name on its authorized internet website.

✓