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S.223

Introduced by Senator Mullin

Referred to Committee on Econ. Dev., Housing and General Affairs

Date: January 5, 2016

Subject: Commerce and trade; consumer protection; fantasy sports contests

Statement of purpose of bill as introduced: This bill proposes to regulate
fantasy sports contests and establish consumer protections for fantasy sports
players.

An act relating to regulating fantasy sports contests

It is hereby enacted by the General Assembly of the State of Vermont:

~~Sec. 1. 9 V.S.A. chapter 116 is added to read:~~

CHAPTER 116. FANTASY SPORTS CONTESTS

§ 4185. DEFINITIONS

In this chapter:

(1) “Confidential fantasy sports contest information” means nonpublic
information available to a fantasy sports operator that relates to a fantasy sports
player’s activity in a fantasy sports contest and that, if disclosed, may give
another fantasy sports player an unfair competitive advantage in a fantasy
sports contest

1 ~~(2) "Fantasy sports contest" means a virtual or simulated sporting event~~

2 ~~governed by a uniform set of rules adopted by a fantasy sports operator in~~

3 ~~which:~~

4 ~~(A) a fantasy sports player may earn one or more cash prizes or~~

5 ~~awards, the value of which a fantasy sports operator discloses in advance of the~~

6 ~~contest;~~

7 ~~(B) a fantasy sports player uses his or her knowledge and skill of~~

8 ~~sports data, performance, and statistics to create and manage a fantasy sports~~

9 ~~team;~~

10 ~~(C) a fantasy sports team earns fantasy points based on the sports~~

11 ~~performance statistics accrued by individual athletes or teams, or both, in real~~

12 ~~world sporting events;~~

13 ~~(D) the outcome is determined by the number of fantasy points~~

14 ~~earned; and~~

15 ~~(E) the outcome is not determined by the score, the point spread, the~~

16 ~~performance of one or more teams, or the performance of an individual athlete~~

17 ~~in a single real world sporting event.~~

18 (3) "Fantasy sports operator" means a person that offers to members of

19 the public the opportunity to participate in a fantasy sports contest for

20 consideration.

1 ~~(1) "Fantasy sports player" means an individual who participates in a~~
2 ~~fantasy sports contest for consideration.~~

3 § 4186. CONSUMER PROTECTION

4 (a) A fantasy sports operator shall adopt policies or procedures to:

5 (1) prevent participation in a fantasy sports contest he or she offers with
6 a cash prize of \$5.00 or more by:

7 (A) the fantasy sports operator;

8 (B) an employee of the fantasy sports operator or a relative of the
9 employee who lives in the same household; or

10 (C) a professional athlete or official who participates in one or more
11 real world sporting events in the same sport as the fantasy sports contest;

12 (2) prevent the disclosure of confidential fantasy sports contest
13 information to an unauthorized person;

14 (3) require and verify that a fantasy sports player is 18 years of age or
15 older;

16 (4) enable an individual to restrict his or her own ability to participate in
17 a fantasy sports contest upon request to the fantasy sports operator;

18 (5) limit and disclose to prospective players the number of entries a
19 fantasy sports player may submit for each fantasy sports contest;

20 (6) segregate player funds from operational funds, and maintain a
21 reserve in the form of cash, cash equivalents, an irrevocable letter of credit, a

1 ~~bond, or a combination thereof in an amount that equals or exceeds the amount~~
2 of deposits in fantasy sports player accounts, for the benefit and protection of
3 fantasy sports player funds held in their accounts.

4 (b)(1) A fantasy sports operator shall contract with a third party to perform
5 an annual independent audit, consistent with the standards established by the
6 Public Company Accounting Oversight Board, to ensure compliance with the
7 requirements in this chapter.

8 (2) The fantasy contest operator shall submit the results of the
9 independent audit to the Attorney General.

10 § 4187. PENALTY

11 A person who violates a provision of this chapter shall be subject to a civil
12 penalty of not more than \$1,000.00 for each violation, which shall accrue to
13 the State and may be recovered in a civil action brought by the Attorney
14 General.

15 § 4188. EXEMPTION

16 The provisions of 13 V.S.A. chapter 51, relating to gambling and lotteries,
17 shall not apply to a fantasy sports contest.

18 Sec. 2. EFFECTIVE DATE

19 ~~This act shall take effect on July 1, 2016.~~

Sec. 1. 9 V.S.A. chapter 116 is added to read:

CHAPTER 116. FANTASY SPORTS CONTESTS

§ 4185. DEFINITIONS

In this chapter:

(1) “Confidential fantasy sports contest information” means nonpublic information available to a fantasy sports operator that relates to a fantasy sports player’s activity in a fantasy sports contest and that, if disclosed, may give another fantasy sports player an unfair competitive advantage in a fantasy sports contest.

(2) “Fantasy sports contest” means a virtual or simulated sporting event governed by a uniform set of rules adopted by a fantasy sports operator in which:

(A) a fantasy sports player may earn one or more cash prizes or awards, the value of which a fantasy sports operator discloses in advance of the contest;

(B) a fantasy sports player uses his or her knowledge and skill of sports data, performance, and statistics to create and manage a fantasy sports team;

(C) a fantasy sports team earns fantasy points based on the sports performance statistics accrued by individual athletes or teams, or both, in real world sporting events;

(D) the outcome is determined by the number of fantasy points earned; and

(E) the outcome is not determined by the score, the point spread, the performance of one or more teams, or the performance of an individual athlete in a single real world sporting event.

(3) “Fantasy sports operator” means a person that offers to members of the public the opportunity to participate in a fantasy sports contest for consideration.

(4) “Fantasy sports player” means an individual who participates in a fantasy sports contest for consideration.

§ 4186. CONSUMER PROTECTION

(a) A fantasy sports operator shall adopt policies and procedures to:

(1) prevent participation in a fantasy sports contest he or she offers with a cash prize of \$5.00 or more by:

(A) the fantasy sports operator;

(B) an employee of the fantasy sports operator or a relative of the employee who lives in the same household; or

(C) a professional athlete or official who participates in one or more real world sporting events in the same sport as the fantasy sports contest;

(2) prevent the disclosure of confidential fantasy sports contest information to an unauthorized person;

(3) require that a fantasy sports player is 18 years of age or older, and verify the age of each player using one or more commercially available databases, which primarily consist of data from government sources and which government and business regularly use to verify and authenticate age and identity;

(4) limit and disclose to prospective players the number of entries a fantasy sports player may submit for each fantasy sports contest; and

(5) segregate player funds from operational funds, and maintain a reserve in the form of cash, cash equivalents, an irrevocable letter of credit, a bond, or a combination thereof in an amount that equals or exceeds the amount of deposits in fantasy sports player accounts, for the benefit and protection of fantasy sports player funds held in their accounts.

(b) A fantasy sports operator shall have the following duties:

(1) The operator shall provide a link on its website to information and resources addressing addiction and compulsive behavior and where to seek assistance with these issues in Vermont and nationally.

(2)(A) The operator shall enable a fantasy sports player to restrict irrevocably his or her own ability to participate in a fantasy sports contest, for a period of time the player specifies, by submitting a request to the operator through its website or by online chat with the operator's agent.

(B) The operator shall provide to a player who self-restricts his or her participation information concerning:

(i) available resources addressing addiction and compulsive behavior;

(ii) how to close an account and restrictions on opening a new account during the period of self-restriction;

(iii) requirements to reinstate an account at the end of the period; and

(iv) how the operator addresses reward points and account balances during and after the period of self-restriction, and when the player closes his or her account.

(3) The operator shall provide a player access to the following information for the previous six months:

(A) a player's play history, including money spent, games played, previous line-ups, and prizes awarded;

(B) a player's account details, including deposit amounts, withdrawal amounts, and bonus information, including amounts remaining for a pending bonus and amounts released to the player.

(c)(1) A fantasy sports operator shall contract with a third party to perform an annual independent audit, consistent with the standards established by the Public Company Accounting Oversight Board, to ensure compliance with the requirements in this chapter.

(2) The fantasy contest operator shall submit the results of the independent audit to the Attorney General.

§ 4187. PENALTY

A person who violates a provision of this chapter shall be subject to a civil penalty of not more than \$1,000.00 for each violation, which shall accrue to the State and may be recovered in a civil action brought by the Attorney General.

§ 4188. EXEMPTION

The provisions of 13 V.S.A. chapter 51, relating to gambling and lotteries, shall not apply to a fantasy sports contest.

Sec. 2. EFFECTIVE DATE

This act shall take effect on July 1, 2016.