

1 S.223

2 Introduced by Senator Mullin

3 Referred to Committee on

4 Date:

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

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

9 An act relating to regulating fantasy sports contests

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

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

12 CHAPTER 116. FANTASY SPORTS CONTESTS

13 § 4185. DEFINITIONS

14 In this chapter:

15 (1) “Confidential fantasy sports contest information” means nonpublic
16 information available to a fantasy sports operator that relates to a fantasy sports
17 player’s activity in a fantasy sports contest and that, if disclosed, may give
18 another fantasy sports player an unfair competitive advantage in a fantasy
19 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 (4) “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.