

TALKING POINTS on FANTASY SPORTS

February 9, 2016

- **Background:** Fantasy sports are contests in which participants assemble imaginary teams comprised of real players from professional sports and compete based on the statistical performance of the real players. Traditional fantasy sports leagues are season-long, but recently contests have been offered that are as short as one day. Both free and fee-based contests are available and prizes have topped \$1 million. Partners and investors in companies offering fantasy sports contests include sports leagues, professional teams and their owners, as well as large public and private companies. Of the estimated 55 million fantasy sports participants in 2015 approximately 16 million competed in daily fantasy contests. 2015 entry fees topped \$2.5 billion.
- **Legal:** While the federal Unlawful Internet Gaming Enforcement Act (UIGEA) provides a limited exemption for some fantasy sports contests, other Federal and state gambling laws may still apply. As of today 9 states have declared fantasy sports meet their definitions of gambling and are therefore prohibited unless legalized. As of today, no state no state regulates fantasy sports. NCPG does not take a position on whether fantasy sports contests are, or should be, legal.
- **Skill:** While there is skill involved in playing fantasy sports contests, the outcome includes significant chance due to highly-variable player performance in real-world situations. Most gambling (blackjack, poker, horse racing, etc...) involves skill and chance as well. Fantasy sports contests that include an entry fee, chance and monetary prizes meet practical definitions of gambling.
- **Addiction:** Our concerns are based on 5 major areas:
 - **Player Demographics:** Fantasy sports players are frequently described as predominantly young, male, sports enthusiasts and likely to gamble. Each of these groups is known to be at higher risk for gambling addiction.
 - **Game Characteristics:** Game characteristics associated with higher risk for addiction are high frequency of contests, large number of entries per contest, high entry fees, larger and more frequent payouts.
 - **Scientific Research:** The few published studies to date show that daily fantasy sports players are more likely to have gambling problems than non-players.

- Recovering Problem Gamblers: Gamblers Anonymous, the self-help fellowship for problem gamblers, recently added fantasy sports to the list of activities it defines as gambling and urges individuals in recovery should avoid due to the risk of triggering a gambling addiction.
- Cases: Actual cases of fantasy sports players with severe gambling problems stemming from their daily fantasy participation have been documented by gambling counselors and reported in national media.
- **Symptoms:** Fantasy sports players who become preoccupied, are unable to stick to limits of time and money and therefore suffer harm to their emotional or financial health are likely to meet gambling addiction criteria.
- **Prevalence of Addiction:** Assuming their rate was no higher or lower than the general population (which is unlikely as argued above) out of 16 million DFS players an estimated 2% or 320,000 DFS players would likely meet criteria for gambling problems in a given year.
- **State Legislation:** The majority of bills introduced at the state level to “regulate” fantasy sports include little if any consumer protection features.

Therefore, NCPG believes:

- Fantasy sports contest participants are at higher risk relative to the general public to develop gambling problems for 5 major reasons: demographics of players, characteristics of the contests, published scientific research, guidance from Gamblers Anonymous and our direct experience with actual clinical cases.
- Operators, regulators and legislators must incorporate consumer protection into fantasy sports operations. NCPG adopted our Resolution on Fantasy Sports on October 8, 2015 and our Fantasy Sports Consumer Protection Guidelines on December 4, 2015 to provide guidance to all stakeholders.
- Adequate consumer protection **at a minimum** includes robust age verification, self-exclusion, public data sharing and player education provisions as well as funds to support gambling addiction prevention and treatment services.
- **About NCPG:** Our mission is to lead state and national stakeholders in the development of comprehensive policy and programs for all those affected by problem gambling. NCPG is neither for nor against legalized gambling.