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H.405

Introduced by Representatives Marcotte of Coventry and Botzow of Pownal

Referred to Committee on

Date:

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

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

An act relating to 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

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

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

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

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

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

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

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

16                (i) available resources addressing addiction and compulsive  
17                behavior;

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

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

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

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

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

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

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

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

17                   § 4187. PENALTY

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

1     § 4188. EXEMPTION

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

4     Sec. 2. EFFECTIVE DATE

5             This act shall take effect on July 1, 2017.