

2016 -- H 7938

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2016

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A N A C T

RELATING TO BUSINESSES AND PROFESSIONS - FANTASY CONTESTS

Introduced By: Representatives Barros, Shekarchi, Tobon, Blazejewski, and Solomon

Date Introduced: March 11, 2016

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 5 of the General Laws entitled "BUSINESSES AND PROFESSIONS"
2 is hereby amended by adding thereto the following chapter:

3 CHAPTER 89

4 FANTASY CONTESTS ACT

5 **5-89-1. Short title.** -- This chapter shall be known and may be cited as the "Fantasy
6 Contests Act".

7 **5-89-2. Definitions.** -- As used in this chapter:

8 (1) "Confidential information" means information related to the play of a fantasy contest
9 by fantasy contest players obtained as a result of or by virtue of a person's employment.

10 (2) "Department" means the department of business regulation.

11 (3) "Entry fee" means cash or cash equivalent that is required to be paid by a fantasy
12 contest player to a fantasy contest operator to participate in a fantasy contest.

13 (4) "Fantasy contest" means a fantasy or simulated game or contest in which:

14 (i) The value of all prizes and awards offered to winning players is established and made
15 known to the players in advance of the contest;

16 (ii) All winning outcomes reflect the relative knowledge and skill of the players and are
17 determined predominantly by accumulated statistical results of the performance of individuals,
18 including athletes in the case of sporting events; and

19 (iii) Winning outcomes are not based on the score, point spread, or any performance of

1 any single actual sports team or combination of such teams or solely on any single performance
2 of an individual athlete in any single actual sporting event.

3 (5) "Fantasy contest operator" means a person or entity that offers fantasy contests with
4 an entry fee for a cash prize to the general public.

5 (6) "Fantasy contest player" means a person who participates in a fantasy contest offered
6 by a fantasy contest operator.

7 **5-89-3. Consumer protection.** -- (a) A fantasy contest operator offering fantasy contests
8 with an entry fee in the state shall register with the department. The annual registration fee shall
9 be ten thousand dollars (\$10,000).

10 (b) A fantasy contest operator shall implement procedures for fantasy contests with an
11 entry fee that are intended to:

12 (1) Prevent employees of the fantasy contest operator, and relatives living in the same
13 household as such employees, from competing in any such fantasy contests offered by any
14 fantasy contest operator in which the operator offers a cash prize;

15 (2) Prevent sharing of confidential information that could affect such fantasy contest play
16 with third parties until the information is made publicly available;

17 (3) Prevent the fantasy contest operator from participating in any fantasy contest which
18 the fantasy contest operator offers;

19 (4) Verify that a fantasy contest player in such a fantasy contest is eighteen (18) years of
20 age or older;

21 (5) Ensure that individuals who participate or officiate in a game or contest that is the
22 subject of such a fantasy contest will be restricted from entering such a fantasy contest that is
23 determined, in whole or in part, on the accumulated statistical results of a team of individuals in a
24 fantasy contest in which they are a player;

25 (6) Allow individuals to restrict themselves from entering such a fantasy contest upon
26 request and provide reasonable steps to prevent the person from entering the operator's fantasy
27 contests;

28 (7) Disclose the number of entries that a fantasy contest player may submit to each
29 fantasy contest and provide reasonable steps to prevent players from submitting more than the
30 allowable number; and

31 (8) Segregate fantasy contest player funds from operational funds and maintain a reserve
32 in the form of cash, cash equivalents, an irrevocable letter of credit, a bond, or a combination
33 thereof, in the amount of the deposits made to the accounts of fantasy contest players for the
34 benefit and protection of the funds held in such accounts.

1 (c) A fantasy contest operator offering fantasy contests with an entry fee in this state shall
2 contract with a third party to annually perform an independent audit, consistent with the standards
3 established by the Public Company Accounting Oversight Board, to ensure compliance with this
4 section and submit the results of such audit to the department.

5 **5-89-4. Violations. --** A person, firm, corporation, association, agent, or employee who
6 violates this chapter is subject to a civil penalty of not more than one thousand dollars (\$1,000)
7 for each violation, which shall be paid to the state and may be recovered in a civil action brought
8 by the department.

9 **5-89-5. Exemptions. --** Fantasy contests, as defined in this chapter, are exempt from the
10 gambling prohibitions in chapter 19 "Gambling and Lotteries" and chapter 51 "Organized
11 Criminal Gambling" of title 11.

12 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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1 This act would establish the "Fantasy Contest Act" which would impose various
2 consumer protection practices upon fantasy contest operators and would require them to register
3 with the department of business regulation.

4 This act would take effect upon passage.

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