

1 SB114
2 173213-1
3 By Senator Sanford
4 RFD: Judiciary
5 First Read: 02-FEB-16

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8 SYNOPSIS: This bill would establish the Fantasy
9 Contests Act to regulate the operation of fantasy
10 or simulated contests in this state.

11 This bill would require fantasy contest
12 operators to implement procedures for consumer
13 protection of fantasy contest players, would
14 require audits of fantasy contest operators, and
15 would provide for civil penalties for violations.

16 This bill would also exempt fantasy contests
17 from criminal penalties associated with gambling
18 activity.

19
20 A BILL
21 TO BE ENTITLED
22 AN ACT
23

24 To establish the Fantasy Contests Act, to regulate
25 fantasy and simulated contests; to provide for the definition
26 of terms; to require certain fantasy contest operators to
27 implement procedures for consumer protection of fantasy

1 contest players; to require an audit of fantasy contest
2 operators; to provide civil penalties for violations; to
3 provide for enforcement by the Attorney General; and to exempt
4 fantasy contests from certain criminal penalties associated
5 with gambling activity.

6 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

7 Section 1. This act shall be known and may be cited
8 as the Fantasy Contests Act.

9 Section 2. For the purposes of this act, the
10 following terms shall have the following meanings:

11 (1) CONFIDENTIAL INFORMATION. Information related to
12 the play of a fantasy contest by fantasy contest players
13 obtained as a result of or by virtue of a person's employment.

14 (2) ENTRY FEE. Cash or cash equivalent that is
15 required to be paid by a fantasy contest player to a fantasy
16 contest operator in order to participate in a fantasy contest.

17 (3) FANTASY CONTEST. Includes any fantasy or
18 simulated game or contest, in which all of the following are
19 satisfied:

20 a. The value of all prizes and awards offered to
21 winning participants are established and made known to the
22 participants in advance of the contest.

23 b. All winning outcomes reflect the relative
24 knowledge and skill of the participants and shall be
25 determined predominantly by accumulated statistical results of
26 the performance of individuals, including athletes in the case
27 of sports events.

1 c. No winning outcome is based on the score, point
2 spread, or any performance or performances of any single
3 actual team or combination of such teams or solely on any
4 single performance of an individual athlete or player in any
5 single actual event.

6 (4) FANTASY CONTEST OPERATOR. A person or entity
7 that offers fantasy contests with an entry fee for a cash
8 prize to members of the public.

9 (5) FANTASY CONTEST PLAYER. A person who
10 participates in a fantasy contest offered by a fantasy contest
11 operator.

12 Section 3. (a) A fantasy contest operator must
13 implement procedures for fantasy contests with an entry fee
14 that are intended to accomplish all of the following:

15 (1) Prevent employees of the fantasy contest
16 operator, and relatives living in the same household as the
17 employees, from competing in any fantasy contest offered by
18 any fantasy contest operator in which the operator offers a
19 cash prize.

20 (2) Prevent sharing of confidential information that
21 could affect fantasy contest play with third parties until the
22 information is made publicly available.

23 (3) Prevent the fantasy contest operator from being
24 a participant in a fantasy game he or she offers.

25 (4) Verify that a fantasy contest player in a
26 fantasy contest he or she offers is 18 years of age or older.

1 (5) Ensure that individuals who participate or
2 officiate in a game or contest that is the subject of a
3 fantasy contest is restricted from entering a fantasy contest
4 that is determined, in whole or in part, on the accumulated
5 statistical results of a team of individuals in the game or
6 contest in which they are a player.

7 (6) Allow individuals to restrict themselves from
8 entering a fantasy contest upon request and take reasonable
9 steps to prevent those individuals from entering fantasy
10 contests offered by the fantasy contest operator.

11 (7) Disclose the number of entries a single fantasy
12 contest player may submit to each such fantasy contest and
13 take reasonable steps to prevent players from submitting more
14 than the allowable number.

15 (8) Segregate player funds from operational funds
16 and maintain a reserve in the form of cash, cash equivalents,
17 an irrevocable letter of credit, a bond, or a combination
18 thereof, in the amount of the deposits in player accounts for
19 the benefit and protection of authorized fantasy contest
20 players' funds held in fantasy contest accounts.

21 (b) A fantasy contest operator offering fantasy
22 contests with an entry fee in the state must annually contract
23 a third party to perform an independent audit, consistent with
24 generally accepted accounting standards, to ensure compliance
25 with all of the requirements in this act. The fantasy contest
26 operator must submit the results of the independent audit to
27 the Attorney General.

1 (c) Any person, firm, corporation, association,
2 agent, or employee who violates any provision of this section
3 shall be liable for a civil penalty of not more than one
4 thousand dollars (\$1,000) for each such violation, which shall
5 accrue to the state and may be recovered in a civil action
6 brought by the Attorney General.

7 Section 4. Article 2 of Chapter 12 of Title 13A,
8 Code of Alabama 1975, does not apply to a fantasy contest.

9 Section 5. This act shall become effective on the
10 first day of the third month following its passage and
11 approval by the Governor, or its otherwise becoming law.