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HOUSE BILL NO. 751

Offered January 13, 2016

Prefiled January 12, 2016

A *BILL to amend the Code of Virginia by adding a section numbered 18.2-334.5 and by adding in Chapter 8 of Title 18.2 an article numbered 1.1:2, consisting of sections numbered 18.2-340.39, 18.2-340.40, and 18.2-340.41, relating to the Fantasy Contests Act; penalty.*

Patrons—Simon and Krizek

Referred to Committee on General Laws

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by a adding a section numbered 18.2-334.5 and by adding in Chapter 8 of Title 18.2 an article numbered 1.1:2, consisting of sections numbered 18.2-340.39, 18.2-340.40, and 18.2-340.41, as follows:

§ 18.2-334.4. Exemptions to article; fantasy contests.

Nothing in this article shall apply to any fantasy contest conducted by a fantasy contest operator in accordance with Article 1.1:2 (§ 18.2-340.39 et seq.).

*Article 1.1:2.**Fantasy Contests Act.***§ 18.2-340.39. Definitions.**

As used in this article, unless the context requires otherwise:

"Confidential information" means information related to the play of a fantasy contest by fantasy contest participants obtained as a result of or by virtue of a person's employment.

"Fantasy contest" means any fantasy or simulated game or contest in which:

1. Winning participants are eligible to receive cash or anything else of value;

2. The values of all prizes and awards offered to winning participants are established and made known to the participants in advance of the contest;

3. All winning outcomes reflect the relative knowledge and skill of the participants and shall be determined predominantly by accumulated statistical results of the performance of individuals, including athletes in the case of sports events; and

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

"Fantasy contest operator" means a person or entity that offers a fantasy contest for a cash or cash equivalent prize to members of the public.

§ 18.2-340.40. Conduct of fantasy contests.

A fantasy contest operator offering fantasy contests in the Commonwealth shall implement policies and procedures that are intended to:

1. Prevent employees of the fantasy contest operator from competing in any fantasy contest offered by a fantasy contest operator;

2. Prevent sharing of confidential information that could affect fantasy contest play with third parties until the information is made publicly available;

3. Have a mechanism in place that is designed to verify that a fantasy contest participant is 18 years of age or older;

4. Ensure that individuals who participate in a game or contest that is the subject of a fantasy contest are restricted from entering a fantasy contest that is determined, in whole or in part, on the accumulated statistical results of a team of individuals in the game or contest in which they are a participant;

5. Allow individuals to restrict themselves from entering a fantasy contest upon request and take reasonable steps to prevent those individuals from entering the operator's fantasy contests;

6. Post the number of entries that a single fantasy contest participant may submit to each fantasy contest and take reasonable steps to prevent participants from submitting more than the allowable number;

7. Check for tax liens and child support obligations of greater than \$1,000 prior to paying a cash prize to a fantasy contest participant of any amount;

8. Segregate participant funds from operational funds and maintain a reserve in the form of cash, cash equivalents, an irrevocable letter of credit, or a bond, or a combination of any of these types, in the amount of the deposits in participant accounts for the benefit and protection of authorized fantasy

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59 *contest players' funds held in fantasy contest accounts;*

60 9. *Annually contract with a third party to perform an independent audit, consistent with the*
61 *standards established by the Virginia Board of Accountancy, to ensure compliance with the requirements*
62 *of this article; and*

63 10. *Submit the results of the independent audit to the Office of the Attorney General.*

64 **§ 18.2-340.41. Civil penalty.**

65 *Any person, firm, corporation, association, agent, or employee who violates any provision of this*
66 *article shall be liable for a civil penalty of not more than \$1,000 for each such violation, which shall*
67 *accrue to the Commonwealth and may be recovered in a civil action brought by the Attorney General.*