§1104. Conditions of licensure

1. Conditions of operation. As a condition of licensure, a fantasy contest operator shall submit evidence that the fantasy contest operator has established and will implement procedures for fantasy contests that:

A. Prevent the fantasy contest operator and directors, officers and employees of the fantasy contest operator, and relatives living in the same household as those persons, from participating in a fantasy contest offered or operated by that fantasy contest operator; [PL 2017, c. 303, §2 (NEW).]

B. Prevent the sharing with 3rd parties of confidential information that could affect the outcome of a fantasy contest until the information is made publicly available. As used in this paragraph, "confidential information" means information related to the play of a fantasy contest by fantasy contestants obtained as a result of or by virtue of a person's employment; [PL 2017, c. 303, §2 (NEW).]

C. Provide that a winning outcome may not be based on the score, point spread or performance of a single actual sports team or combination of such teams or solely on a single performance of an individual athlete or participant in a single actual sports event; [PL 2017, c. 303, §2 (NEW).]

D. Prohibit the following individuals from participating in a fantasy contest based on the sport, athletic event or competition in which the individual participates or is otherwise associated:

(1) An athlete or individual who participates or officiates in a game, league, athletic event or competition that is the subject of a fantasy contest; or

(2) A sports agent, team employee, referee or umpire or league official associated with a sport or athletic event that is the subject of a fantasy contest; [PL 2017, c. 303, §2 (NEW).]

E. Verify that a fantasy contestant in a fantasy contest is 18 years of age or older. If the licensee discovers that a person under 18 years of age has accessed the platform as a potential or active fantasy contestant, the licensee shall immediately refund any entry fees or other deposits made by the person under 18 years of age; [PL 2017, c. 303, §2 (NEW).]

F. Publish and facilitate parental control procedures to permit adults to exclude minors from access to the platform and fantasy contests offered by the fantasy contest operator; [PL 2017, c. 303, §2 (NEW).]

G. Provide fantasy contestants with access to information on responsible play; [PL 2017, c. 303, §2 (NEW).]

H. Provide fantasy contestants with access to information on seeking assistance for compulsive behavior; [PL 2017, c. 303, §2 (NEW).]

I. Disclose the number of entries that a fantasy contestant may submit to each fantasy contest and provide reasonable steps to prevent fantasy contestants from submitting more than the allowable number; [PL 2017, c. 303, §2 (NEW).]

J. Allow individuals to restrict themselves from entering fantasy contests upon request pursuant to section 1003, subsection 3, paragraph I and provide reasonable steps to prevent the individuals from entering fantasy contests offered by the fantasy contest operator; [PL 2023, c. 635, §8 (AMD).]

K. Ensure that a fantasy contest is not offered on a prohibited sports event; [PL 2017, c. 303, §2 (NEW).]

L. Limit each fantasy contestant to one active and continuously used account; [PL 2017, c. 303, §2 (NEW).]

M. Protect the privacy and security of a fantasy contestant's information and accounts maintained or accessed by the fantasy contest operator; and [PL 2017, c. 303, §2 (NEW).]

N. Prohibit the extension of credit from the fantasy contest operator to a fantasy contestant. [PL 2017, c. 303, §2 (NEW).]

[PL 2023, c. 635, §8 (AMD).]

2. Certain leagues and contests prohibited. A fantasy contest operator may not offer a fantasy contest based on the performances of participants in high school athletic events or other athletic events involving participants under 18 years of age.

[PL 2021, c. 681, Pt. J, §5 (AMD).]

3. Notice of prizes required. A fantasy contest operator shall provide publicly available notice of all prizes offered to a winning contestant in advance of the fantasy contest.

[PL 2017, c. 303, §2 (NEW).]

4. Contestant funds segregated; reserve account; audit. A fantasy contest operator licensed under this chapter shall:

A. Segregate fantasy contestant funds from operational funds; [PL 2017, c. 303, §2 (NEW).]

B. Maintain a reserve that exceeds the amount of entry fees and any other funds on deposit; this reserve may not be used for operational activities. Reserve funds may take the form of cash, cash equivalents, payment processor reserves, payment processor receivables, an irrevocable letter of credit, a bond or any combination thereof, and must be in an amount that exceeds the total balances of the fantasy contestants' accounts with the fantasy contest operator; [PL 2017, c. 303, §2 (NEW).]

C. Annually contract with a certified public accountant to conduct an independent audit, consistent with the standards accepted by the American Institute of Certified Public Accountants or a successor organization, to ensure compliance with paragraph B, except that fantasy contest operators with annual gross fantasy contest revenues of less than $100,000 are not required to contract with a certified public accountant as prescribed by this paragraph unless required by the director, in which case the director shall notify the operator and allow a reasonable period of time to comply with the director's requirement for an independent audit; and [PL 2017, c. 303, §2 (NEW).]

D. Provide to the director a copy of the audit report prepared pursuant to paragraph C. Information submitted to the director pursuant to this paragraph is deemed to contain information regarding trade practices of the operator and is confidential and is not a public record within the meaning of Title 1, chapter 13, subchapter 1. [PL 2017, c. 303, §2 (NEW).]

[PL 2017, c. 303, §2 (NEW).]

5. Annual report. By June 30th of each year, a fantasy contest operator licensed under this chapter shall submit a report to the director that includes the following information regarding accounts with the fantasy contest operator held by fantasy contestants in the State:

A. The number of accounts held by fantasy contestants on all platforms offered by the fantasy contest operator. The fantasy contest operator must identify the number of accounts held by highly experienced fantasy contestants on all platforms offered by the fantasy contest operator; [PL 2017, c. 303, §2 (NEW).]

B. The total number of new accounts established and accounts permanently closed in the preceding year or, if the fantasy contest operator has been licensed for less than one year, the number of new accounts and permanently closed accounts in the period since the fantasy contest operator's license was issued; [PL 2017, c. 303, §2 (NEW).]

C. The total amount of entry fees received from fantasy contestants in the State; [PL 2017, c. 303, §2 (NEW).]

D. The total value and number of prizes awarded to fantasy contestants in the State; [PL 2017, c. 303, §2 (NEW).]

E. The total amount of gross fantasy contest revenues received by the fantasy contest operator; and [PL 2017, c. 303, §2 (NEW).]

F. The total number of fantasy contestants who requested to restrict themselves from participating in fantasy contests on all platforms offered by the fantasy contest operator. [PL 2017, c. 303, §2 (NEW).]

Upon submission of a report required by this subsection to the director, to the extent the director considers it necessary to ensure the fantasy contest operator's compliance with this chapter and rules adopted pursuant to this chapter, the director is authorized to conduct a financial audit of the fantasy contest operator. The report of an audit conducted by the director pursuant to this subsection is deemed to contain information regarding trade practices of the operator and is confidential and is not a public record within the meaning of Title 1, chapter 13, subchapter 1.
[PL 2017, c. 303, §2 (NEW).]

SECTION HISTORY

PL 2017, c. 303, §2 (NEW). PL 2021, c. 681, Pt. J, §5 (AMD). PL 2023, c. 635, §8 (AMD).

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