

SENATE SUBSTITUTE
FOR
SENATE COMMITTEE SUBSTITUTE
FOR
HOUSE COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 1941

AN ACT

To amend chapter 313, RSMo, by adding thereto twelve new sections relating to fantasy sports contests.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF MISSOURI,
AS FOLLOWS:

1 Section A. Chapter 313, RSMo, is amended by adding thereto
2 twelve new sections, to be known as sections 313.900, 313.910,
3 313.920, 313.930, 313.940, 313.950, 313.960, 313.970, 313.990,
4 313.1000, 313.1010, and 313.1020, to read as follows:

5 313.900. Sections 313.900 to 313.1020 shall be known and
6 may be cited as the "Missouri Fantasy Sports Consumer Protection
7 Act".

8 313.910. As used in sections 313.900 to 313.1020, the
9 following terms shall mean:

10 (1) "Authorized internet website", an internet website or
11 any platform operated by a licensed operator;

12 (2) "Commission", the Missouri gaming commission;

13 (3) "Entry fee", anything of value including, but not
14 limited to, cash or a cash equivalent, that a fantasy sports

1 contest operator collects in order to participate in a fantasy
2 sports contest;

3 (4) "Fantasy sports contest", any fantasy or simulated game
4 or contest with an entry fee, conducted on an internet website or
5 any platform, in which:

6 (a) The value of all prizes and awards offered to the
7 winning participants is established and made known in advance of
8 the contest;

9 (b) All winning outcomes reflect in part the relative
10 knowledge and skill of the participants and are determined
11 predominantly by the accumulated statistical results of the
12 performance of individuals, including athletes in the case of
13 sports events; and

14 (c) No winnings outcomes are based on the score, point
15 spread, or any performance of any single actual team or
16 combination of teams or solely on any single performance of an
17 individual athlete or player in any single actual event.

18 (5) "Fantasy sports contest operator", any person or entity
19 that offers fantasy sports contests for a prize;

20 (6) "Highly experienced player", a person who has either:

21 (a) Entered more than one-thousand contests offered by a
22 single fantasy sports contest operator; or

23 (b) Won more than three fantasy sports prizes of one-
24 thousand dollars or more;

25 (7) "Licensed operator", a fantasy sports contest operator
26 licensed pursuant to section 313.920 to offer fantasy sports
27 contests for play on an authorized internet website in Missouri;

28 (8) "Minor", any person less than eighteen years of age;

1 (9) "Net revenue", for all fantasy sports contests, the
2 amount equal to the total entry fees collected from all
3 participants entering such fantasy sports contests less winnings
4 paid to participants in the contests, multiplied by the resident
5 percentage;

6 (10) "Player", a person who participates in a fantasy
7 sports contest offered by a fantasy sports contest operator;

8 (11) "Prize", anything of value including, but not limited
9 to, cash or a cash equivalent, contest credits, merchandise, or
10 admission to another contest in which a prize may be awarded;

11 (12) "Registered player", a person registered pursuant to
12 section 313.940 to participate in a fantasy sports contest on an
13 authorized internet website;

14 (13) "Resident percentage", for all fantasy sports
15 contests, the percentage, rounded to nearest one-tenth of one
16 percent, of the total entry fees collected from Missouri
17 residents divided by the total entry fees collected from all
18 players, regardless of the players' location, of the fantasy
19 sports contests; and

20 (14) "Script", a list of commands that a fantasy-sports-
21 related computer program can execute to automate processes on a
22 fantasy sports contest platform;

23 313.920. 1. A fantasy sports contest conducted under this
24 chapter is exempt from chapter 572, and does not constitute
25 gambling for any purpose.

26 2. A fantasy sports contest operator shall apply for and
27 receive a license from the commission prior to offering fantasy
28 sports contests for play in Missouri.

1 3. The commission shall provide forms, to be completed by
2 applicants and made available on the commission's website, on
3 which the applicant shall demonstrate experience, reputation,
4 competence, and financial responsibility consistent with the best
5 interest of the Missouri fantasy sports industry and in
6 compliance with the laws of the state.

7 4. The commission may, in its sole discretion, refuse to
8 license any applicant or revoke or suspend the license of any
9 applicant or licensee if the applicant or licensee, or an
10 employee of the applicant or licensee:

11 (1) Has knowingly made a false statement of material fact
12 or has deliberately failed to disclose any information requested;

13 (2) Is or has pled guilty or been convicted of any illegal,
14 corrupt, or fraudulent act, practice, or conduct in connection
15 with any fantasy sports contest in this or any other state or has
16 pled guilty or been convicted of a felony, a crime of moral
17 turpitude, or any criminal offense involving dishonesty or breach
18 of trust within the ten years prior to the date of application
19 for registration;

20 (3) Has at any time knowingly failed to comply with the
21 provisions of this chapter or of any requirements of the
22 commission;

23 (4) Has had a registration or permit to hold or conduct
24 fantasy sports contests denied for just cause, suspended, or
25 revoked in any other state or country;

26 (5) Has legally defaulted in the payment of any obligation
27 or debt owed to the State of Missouri; or

28 (6) Is not qualified to do business in the state of

1 Missouri or is not subject to the jurisdiction of the courts of
2 the state of Missouri.

3 5. Fantasy sports contests as defined in section 313.910,
4 are authorized and may be conducted on an excursion gambling boat
5 or adjacent property to the excursion gambling boat operated by
6 entities licensed under sections 313.807 and 313.920. A person
7 under twenty-one years of age shall not participate in fantasy
8 sports contests on an excursion gambling boat.

9 313.930. 1. In order to ensure the protection of
10 registered players, an authorized internet website shall identify
11 the person or entity that is the licensed operator.

12 2. A licensed operator shall ensure that fantasy sports
13 contests on its authorized internet website comply with all of
14 the following:

15 (1) All winning outcomes are determined by accumulated
16 statistical results of fully completed contests or events, and
17 not merely any portion thereof, except that fantasy participants
18 may be credited for statistical results accumulated in a
19 suspended or shortened contest or event which has been called on
20 account of weather or other natural or unforeseen event;

21 (2) A licensed operator shall not allow registered players
22 to select athletes through an auto-draft that does not involve
23 any input or control by a registered player, or to choose
24 pre-selected teams of athletes;

25 (3) A licensed operator shall not offer or award a prize to
26 the winner of, or athletes in, the underlying competition itself;
27 and

28 (4) A licensed operator shall not offer fantasy sports

1 contests based on the performances of participants in collegiate,
2 high school, or youth athletics.

3 3. A licensed operator shall have procedures approved by
4 the commission before operating in Missouri that:

5 (1) Prevents unauthorized withdrawals from a registered
6 player's account by the licensed operator or others;

7 (2) Makes clear that funds in a registered player's account
8 are not the property of the licensed operator and are not
9 available to the licensed operator's creditors;

10 (3) Segregate player funds from operational funds;

11 (4) Maintain a reserve in the form of cash or cash
12 equivalents in the amount of the deposits made to the accounts of
13 fantasy sports contest players for the benefit and protection of
14 the funds held in such accounts;

15 (5) Ensures any prize won by a registered player from
16 participating in a fantasy sports contest is deposited into the
17 registered player's account within 48 hours of winning the prize;

18 (6) Ensures registered players can withdraw the funds
19 maintained in their individual accounts, whether such accounts
20 are open or closed, within five business days of the request
21 being made, unless the licensed operator believes in good faith
22 that the registered player engaged in either fraudulent conduct
23 or other conduct that would put the licensed operator in
24 violation of sections 313.900 to 313.1020, in which case the
25 licensed operator may decline to honor the request for withdrawal
26 for a reasonable investigatory period until its investigation is
27 resolved if it provides notice of the nature of the investigation
28 to the registered player. For the purposes of this provision, a

1 request for withdrawal will be considered honored if it is
2 processed by the licensed operator but delayed by a payment
3 processor, credit card issuer or by the custodian of a financial
4 account;

5 (6) Allows a registered player to permanently close their
6 account at any time for any reason; and

7 (7) Offers registered players access to their play history
8 and account details.

9 4. A licensed operator shall establish procedures for a
10 registered player to report complaints to the licensed operator
11 regarding whether his or her account has been misallocated,
12 compromised, or otherwise mishandled, and a procedure for the
13 licensed operator to respond to those complaints.

14 5. A registered player who believes his or her account has
15 been misallocated, compromised, or otherwise mishandled should
16 notify the commission. Upon notification, the commission may
17 investigate the claim and may take any action the commission
18 deems appropriate under subdivision (4) of section 313.1010.

19 6. A licensed operator shall not issue credit to a
20 registered player.

21 7. A licensed operator shall not allow a registered player
22 to establish more than one account or user name on its authorized
23 internet website.

24 313.940. 1. A person shall register with a licensed
25 operator prior to participating in fantasy sports contests on an
26 authorized internet website.

27 2. A licensed operator shall implement appropriate security
28 standards to prevent access to fantasy sports contests by a

1 person whose location and age have not been verified in
2 accordance with this section.

3 3. A licensed operator shall ensure that all individuals
4 register before participating in a fantasy sports contest on an
5 authorized internet website and provide their age and state of
6 residence.

7 4. A licensed operator shall ensure that an individual is
8 of legal age before participating in fantasy sports contest on an
9 authorized internet website. In Missouri, the legal age to
10 participate shall be eighteen years of age.

11 5. (1) The licensed operator shall develop an online
12 self-exclusion form and a process to exclude from play any person
13 who has filled out the form.

14 (2) A licensed operator shall retain each online
15 self-exclusion form submitted to it in order to identify persons
16 who want to be excluded from play. A licensed operator shall
17 exclude those persons.

18 (3) A licensed operator shall provide a link on its
19 authorized internet website to a compulsive behavior website and
20 the online self-exclusion form described in subdivision (1) of
21 this subsection.

22 6. A licensed operator shall not advertise fantasy sports
23 contests in publications or other media that are aimed
24 exclusively or primarily at persons less than eighteen years of
25 age. A licensed operator's advertisement shall not depict
26 persons under eighteen years of age, students, or settings
27 involving a school or college. However, incidental depiction of
28 non-featured minors shall not be a violation of this subsection.

1 7. A licensed operator shall not advertise fantasy sports
2 contests to an individual by phone, email, or any other form of
3 individually targeted advertisement or marketing material if the
4 individual has self-excluded himself or herself pursuant to this
5 section or if the individual is otherwise barred from
6 participating in fantasy sports contests. A licensed operator
7 shall also take reasonable steps to ensure that individuals on
8 the involuntary exclusion list or disassociated persons list
9 maintained by the commission are not subject to any form of
10 individually targeted advertising or marketing.

11 8. A licensed operator shall not misrepresent the frequency
12 or extent of winning in any fantasy sports contest advertisement.

13 9. A licensed operator shall clearly and conspicuously
14 publish and facilitate parental control procedures to allow
15 parents or guardians to exclude minors from access to any fantasy
16 sports contest. Licensed operators shall take commercially
17 reasonable steps to confirm that an individual opening an account
18 is not a minor.

19 10. Licensed operators shall prohibit the use of scripts in
20 fantasy sports contests that give players an unfair advantage
21 over other players.

22 11. Licensed operators shall monitor fantasy sports
23 contests to detect the use of unauthorized scripts and restrict
24 players found to have used such scripts from further fantasy
25 sports contests.

26 12. Licensed operators shall make all authorized scripts
27 readily available to all fantasy sports players; provided, that a
28 licensed operator shall clearly and conspicuously publish its

1 rules on what types of scripts may be authorized in the fantasy
2 sports contest.

3 13. Licensed operators shall clearly and conspicuously
4 identify highly experienced players in fantasy sports contests by
5 a symbol attached to a player's username, or by other easily
6 visible means, on the licensed operator's authorized internet
7 website.

8 14. Licensed operators shall offer some fantasy sports
9 contests open only to beginner players and that exclude highly
10 experienced players.

11 313.950. 1. This section applies to all of the following
12 persons:

13 (1) An officer of a licensed operator;

14 (2) A director of a licensed operator;

15 (3) A principal of a licensed operator;

16 (4) An employee of a licensed operator; and

17 (5) A contractor of a licensed operator with proprietary or
18 nonpublic information.

19 2. A person listed in subsection 1 of this section shall
20 not play any fantasy sports contest outside of private fantasy
21 sports contests offered by the licensed operator exclusively for
22 those listed.

23 3. A person listed in subsection 1 of this section shall
24 not disclose proprietary or nonpublic information that may affect
25 the play of fantasy sports contests to any individual authorized
26 to play fantasy sports contests.

27 4. A licensed operator shall make the prohibitions in this
28 section known to all affected individuals and corporate entities.

1 313.960. Each licensed operator shall comply with all
2 applicable federal, state, local laws, and regulations, including
3 without limitation laws and regulations applicable to tax
4 withholdings and laws and regulations applicable to providing
5 information about winnings and the withholding to taxing
6 authorities.

7 313.970. 1. No fantasy sports contest operator shall offer
8 any fantasy sports contest in Missouri without first being
9 licensed by the commission. A fantasy sports contest operator
10 wishing to offer fantasy sports contests in this state shall
11 annually apply to the commission for a license and shall remit to
12 the commission an annual application fee of ten thousand dollars
13 or ten percent of the applicant's net revenue from the previous
14 calendar year, whichever is lower.

15 2. As part of the commission's investigation and licensing
16 process, the commission may conduct an investigation of the
17 fantasy sports contest operator's employees, officers, directors,
18 trustees, and principal salaried executive staff officers. The
19 applicant shall be responsible for the total cost of the
20 investigation. If the cost of the investigation exceeds the
21 application fee, the applicant shall remit to the commission the
22 total cost of the investigation prior to any license being
23 issued. The total cost of the investigation, paid by the
24 applicant, shall not exceed fifty thousand dollars. All revenue
25 received under this section shall be placed into the gaming
26 commission fund created under section 313.835.

27 3. In addition to the application fee, a licensed operator
28 shall also pay an annual operation fee, on April fifteenth of

1 each year, in a sum equal to eleven and one-half percent of the
2 licensed operator's net revenue from the previous calendar year.
3 All revenue collected under this subsection shall be placed in
4 the gaming proceeds for education fund created under section
5 313.822. If a licensed operator fails to pay the annual
6 operation fee by April fifteenth, the licensed operator shall
7 have its license immediately suspended by the commission until
8 such payment is made.

9 4. Any fantasy sports contest operator already operating in
10 the state prior to April 1, 2016, may operate until they have
11 received or have been denied a license. Such fantasy sports
12 contest operators shall apply for a license prior to October 1,
13 2016. Any fantasy sports contest operator operating under this
14 subsection after August 28, 2016, shall pay the annual operation
15 fee of eleven and one-half percent of its net revenue from the
16 effective date of this section until action is taken on its
17 application. If a fantasy sports contest operator fails to pay
18 its operation fee by April 15, 2017, the fantasy sports contest
19 operator shall have its license immediately suspended by the
20 commission, or if the fantasy sports contest operator has a
21 pending application, its application shall be denied immediately.

22 5. If a fantasy sports contest operator ceases to offer
23 fantasy sports contests in Missouri, the operator shall pay an
24 operation fee equal to eleven and one-half percent of its net
25 revenue for the period of the calendar year in which it offered
26 fantasy sports contests in Missouri. Such payment shall be made
27 within sixty days of the last day the fantasy sports contest
28 operator offered fantasy sports contests in Missouri. After the

1 expiration of sixty days, a penalty of five hundred dollars per
2 day shall be assessed against the fantasy sports contest operator
3 until the operation fee and any penalty is paid in full.

4 313.990. A licensed operator shall contract annually with a
5 certified public accountant to perform a financial audit of the
6 licensed operator and the authorized internet website to ensure
7 compliance with sections 313.900 to 313.1020 and any rule
8 governing sections 313.900 to 313.1020. The licensed operator
9 shall pay for the audit and submit, by March first of each year,
10 the results of the audit to the commission.

11 313.1000. 1. Notwithstanding any applicable statutory
12 provision to the contrary, all investigatory, proprietary, or
13 application records, information, and summaries in the possession
14 of the commission or its agents may be treated by the commission
15 as closed records not to be disclosed to the public; except that
16 the commission shall, on written request from any person, provide
17 such person with the following information furnished by an
18 applicant or licensee:

19 (1) The name, business address, and business telephone
20 number of any applicant or licensee;

21 (2) An identification of any applicant or licensee,
22 including, if an applicant or licensee is not an individual, the
23 state of incorporation or registration, the corporate officers,
24 and the identity of all shareholders or participants. If an
25 applicant or licensee has a pending registration statement filed
26 with the federal Securities and Exchange Division, the names of
27 those persons or entities holding interest shall be provided;

28 (3) An identification of any business, including, if

1 applicable, the state of incorporation or registration in which
2 an applicant or licensee or an applicant's or licensee's spouse
3 or children have an equity interest. If an applicant or licensee
4 is a corporation, partnership, or other business entity, the
5 applicant or licensee shall identify any other corporation,
6 partnership, or business entity in which it has an equity
7 interest, including, if applicable, the state of incorporation or
8 registration. This information need not be provided by a
9 corporation, partnership, or other business entity that has a
10 pending registration statement filed with the federal Securities
11 and Exchange Division;

12 (4) Whether an applicant or licensee has been indicted,
13 convicted, pleaded guilty or nolo contendere, or forfeited bail
14 concerning any criminal offense under the laws of any
15 jurisdiction, either felony or misdemeanor, except for traffic
16 violations, including the date, the name and location of the
17 court, arresting agency and prosecuting agency, the case number,
18 the offense, the disposition, and the location and length of
19 incarceration;

20 (5) Whether an applicant or licensee has had any license or
21 certificate issued by a licensing authority in this state or any
22 jurisdiction denied, restricted, suspended, revoked, or not
23 renewed and a statement describing the facts and circumstances
24 concerning the denial, restriction, suspension, revocation, or
25 nonrenewal, including the licensing authority, the date each such
26 action was taken, and the reason for each such action;

27 (6) Whether an applicant or licensee has ever filed or had
28 filed against it a proceeding in bankruptcy or has ever been

1 involved in any formal process to adjust, defer, suspend, or
2 otherwise work out the payment of any debt, including the date of
3 filing, the name and location of the court, and the case and
4 number of the disposition;

5 (7) Whether an applicant or licensee has filed or been
6 served with a complaint or other notice filed with any public
7 body regarding the delinquency in the payment of, or a dispute
8 over, the filings concerning the payment of any tax required
9 under federal, state, or local law, including the amount, type of
10 tax, the taxing agency, and time periods involved;

11 (8) A statement listing the names and titles of all public
12 officials or officers of any unit of government, and relatives of
13 such public officials or officers who, directly or indirectly,
14 own any financial interest in, have any beneficial interest in,
15 are the creditors of or hold any debt instrument issued by, or
16 hold or have any interest in any contractual or service
17 relationship with, an applicant or licensee;

18 (9) The name and business telephone number of the attorney
19 representing an applicant or licensee in matters before the
20 commission.

21 2. Notwithstanding any applicable statutory provision to
22 the contrary, the commission shall, on written request from any
23 person, also provide the following information:

24 (1) The amount of the tax receipts paid to the state by the
25 holder of a license;

26 (2) Whenever the commission finds an applicant for a
27 license unsuitable for licensing, a copy of the written letter
28 outlining the reasons for the denial; and

1 (3) Whenever the commission has refused to grant leave for
2 an applicant to withdraw his application, a copy of the letter
3 outlining the reasons for the refusal.

4 313.1010. The commission shall have full jurisdiction over
5 and shall supervise all licensed operators, other licensees, and
6 authorized internet websites governed by sections 313.900 to
7 313.1020. The commission shall have the following powers to
8 implement sections 313.900 to 313.1020:

9 (1) To investigate applicants;

10 (2) To license fantasy sports contest operators and adopt
11 standards for licensing;

12 (3) To investigate alleged violations of sections 313.900
13 to 313.1020 or the commission's rules, orders, or final
14 decisions;

15 (4) To assess an appropriate administrative penalty of not
16 more than ten thousand dollars per violation, not to exceed one-
17 hundred thousand dollars for violations arising out of the same
18 transaction or occurrence, and take action including, but not
19 limited to, the suspension or revocation of a license for
20 violations of sections 313.900 to 313.1020 or the commission's
21 rules, orders, or final decisions;

22 (5) To issue subpoenas for the attendance of witnesses and
23 subpoenas duces tecum for the production of books, records, and
24 other pertinent documents, and to administer oaths and
25 affirmations to the witnesses, when, in the judgment of the
26 commission, it is necessary to enforce sections 313.900 to
27 313.1020 or the commission rules;

28 (6) To take any other action as may be reasonable or

1 appropriate to enforce sections 313.900 to 313.1020 and the
2 commission rules.

3 313.1020. 1. The commission shall have power to adopt and
4 enforce rules and regulations:

5 (1) To regulate and license the management, operation, and
6 conduct of fantasy sports contests and participants therein;

7 (2) To adopt responsible play protections for registered
8 players; and

9 (3) To properly administer and enforce the provisions of
10 sections 313.900 to 313.1020.

11 2. The commission shall not adopt rules or regulations
12 limiting or regulating the rules or administration of an
13 individual fantasy sports contest, the statistical makeup of a
14 fantasy sports contest, or the digital platform of a fantasy
15 sports contest operator.

16 3. No rule or portion of a rule promulgated under the
17 authority of sections 313.900 to 313.1020 shall become effective
18 unless it has been promulgated pursuant to the provisions of
19 section 536.024.