

# SENATE BILL NO. 467

101ST GENERAL ASSEMBLY

INTRODUCED BY SENATOR HOSKINS.

2139S.01H

ADRIANE D. CROUSE, Secretary

## AN ACT

To repeal sections 313.905 and 313.915, RSMo, and to enact in lieu thereof two new sections relating to gaming.

*Be it enacted by the General Assembly of the State of Missouri, as follows:*

Section A. Sections 313.905 and 313.915, RSMo, are  
2 repealed and two new sections enacted in lieu thereof, to be  
3 known as sections 313.905 and 313.915, to read as follows:

313.905. As used in sections 313.900 to 313.955, the  
2 following terms shall mean:

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

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

6 (3) "Entry fee", anything of value including, but not  
7 limited to, cash or a cash equivalent that a fantasy sports  
8 contest operator collects in order to participate in a  
9 fantasy sports contest;

10 (4) "Fantasy sports contest", any fantasy or simulated  
11 game or contest with an entry fee in which:

12 (a) The value of all prizes and awards offered to the  
13 winning participants is established and made known in  
14 advance of the contest;

15 (b) All winning outcomes reflect in part the relative  
16 knowledge and skill of the participants and are determined  
17 predominantly by the accumulated statistical results of the

**EXPLANATION-Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

18 performance of individuals, including athletes in the case  
19 of sports events; and

20 (c) No winnings outcomes are based on the score, point  
21 spread, or any performance of any single actual team or  
22 combination of teams or solely on any single performance of  
23 an individual athlete or player in any single actual event.

24 **The term "fantasy sports contest" shall also include peer-to-**  
25 **peer fantasy sports contests;**

26 (5) "Fantasy sports contest operator", any person,  
27 entity, or division of a corporate entity that offers a  
28 platform for the playing of fantasy contests, administers  
29 one or more fantasy contests with an entry fee, and awards a  
30 prize of value;

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

33 (a) Entered more than one thousand contests offered by  
34 a single fantasy sports contest operator; or

35 (b) Won more than three fantasy sports prizes of one  
36 thousand dollars or more;

37 (7) **"In-game outcome", the result of any play,**  
38 **performance, or other aspect of an athletic or sporting**  
39 **event occurring during the course of such event that is**  
40 **unrelated to the event's outcome;**

41 (8) "Licensed operator", a fantasy sports contest  
42 operator licensed pursuant to section 313.910 to offer  
43 fantasy sports contests for play on an authorized internet  
44 website in Missouri;

45 [(8)] (9) "Location", the geographical position of a  
46 person as determined within a degree of accuracy consistent  
47 with generally available internet protocol address locators;

48            [(9)] (10) "Location percentage", for all fantasy  
49 sports contests, the percentage, rounded to the nearest one-  
50 tenth of one percent, of the total entry fees collected from  
51 registered players located in the state of Missouri at the  
52 time of entry into a fantasy contest, divided by the total  
53 entry fees collected from all players, regardless of the  
54 players' location, of the fantasy sports contests;

55            [(10)] (11) "Minor", any person less than eighteen  
56 years of age;

57            [(11)] (12) "Net revenue", for all fantasy sports  
58 contests, the amount equal to the total entry fees collected  
59 from all participants entering such fantasy sports contests  
60 less winnings paid to participants in the contests,  
61 multiplied by the location percentage;

62            (13) "Peer-to-peer fantasy sports contest", any  
63 fantasy or simulated game or contest with an entry fee in  
64 which one registered player places a wager with one or more  
65 registered players based on the outcome of the contest. Peer-  
66 to-peer fantasy sports contests shall include any contest in  
67 which:

68            (a) Winning outcomes reflect in part the relative  
69 knowledge and skill of the participants and are determined  
70 predominantly by the accumulated statistical results of the  
71 performance of individuals, including athletes in the case  
72 of sports events, and in which no winning outcomes are based  
73 on the score, point spread, or any performance of any single  
74 actual team or combination of teams or solely on any single  
75 performance of an individual athlete or player in any single  
76 actual event; or

77            (b) Winning outcomes are based on the score, point  
78 spread, any performance of any single actual team or  
79 combination of teams, any single performance of an

80 **individual athlete or player in any single actual event, or**  
81 **any in-game outcome;**

82 [(12)] (14) "Player", a person who participates in a  
83 fantasy sports contest offered by a fantasy sports contest  
84 operator;

85 [(13)] (15) "Prize", anything of value including, but  
86 not limited to, cash or a cash equivalent, contest credits,  
87 merchandise, or admission to another contest in which a  
88 prize may be awarded. **Such term shall also include winnings**  
89 **from wagers placed in peer-to-peer fantasy sports contests;**

90 [(14)] (16) "Registered player", a person registered  
91 pursuant to section 313.920 to participate in a fantasy  
92 sports contest;

93 [(15)] (17) "Script", a list of commands that a  
94 fantasy-sports-related computer program can execute to  
95 automate processes on a fantasy sports contest platform.

313.915. 1. In order to ensure the protection of  
2 registered players, an authorized internet website shall  
3 identify the person or entity that is the licensed operator.

4 2. A licensed operator shall ensure that fantasy  
5 sports contests on its authorized internet website comply  
6 with all of the following:

7 (1) All winning outcomes are determined by accumulated  
8 statistical results of fully completed contests or events,  
9 and not merely any portion thereof, except that fantasy  
10 participants may be credited for statistical results  
11 accumulated in a suspended or shortened contest or event  
12 which has been called on account of weather or other natural  
13 or unforeseen event;

14 (2) Registered players shall not select athletes  
15 through an autodraft that does not involve any input or

16 control by a registered player, or to choose preselected  
17 teams of athletes;

18 (3) A prize shall not be offered to or awarded to the  
19 winner of, or athletes in, the underlying competition  
20 itself; and

21 (4) Fantasy sports contests shall not be based on the  
22 performances of participants in high school or youth  
23 athletics.

24 3. (1) In addition to the provisions of subsection 2  
25 of this section, a licensed operator shall ensure that  
26 wagers placed by registered players in peer-to-peer fantasy  
27 sports contests on the licensed operator's authorized  
28 internet website shall comply with any limits placed on such  
29 wagers by the licensed operator.

30 (2) In addition to the entry fee for a peer-to-peer  
31 fantasy sports contest, a licensed operator shall ensure  
32 that wagers placed on such peer-to-peer fantasy sports  
33 contest are remitted in advance of the contest, except that  
34 wagers placed on in-game outcomes shall be remitted in  
35 advance of the in-game outcome on which the wager is  
36 placed. Such wagers shall be kept segregated from player  
37 funds and operational funds as provided pursuant to  
38 subsections 5 and 6 of this section.

39 (3) A licensed operator shall deposit any wager won by  
40 a registered player into such registered player's account as  
41 other prizes are deposited pursuant to subdivision (4) of  
42 subsection 4 of this section.

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

45 (1) Prevent unauthorized withdrawals from a registered  
46 player's account by the licensed operator or others;

47           (2) Make clear that funds in a registered player's  
48 account are not the property of the licensed operator and  
49 are not available to the licensed operator's creditors;

50           (3) Segregate player funds from operational funds as  
51 provided under subsections [4] 5 and [5] 6 of this section;

52           (4) Ensure any prize won by a registered player from  
53 participating in a fantasy sports contest is deposited into  
54 the registered player's account within forty-eight hours or  
55 mailed within five business days of winning the prize except  
56 as provided under section 313.917;

57           (5) Ensure registered players can withdraw the funds  
58 maintained in their individual accounts, whether such  
59 accounts are open or closed, within five business days of  
60 the request being made, unless the licensed operator  
61 believes in good faith that the registered player engaged in  
62 either fraudulent conduct or other conduct that would put  
63 the licensed operator in violation of sections 313.900 to  
64 313.955, in which case the licensed operator may decline to  
65 honor the request for withdrawal for a reasonable  
66 investigatory period until its investigation is resolved if  
67 it provides notice of the nature of the investigation to the  
68 registered player. For the purposes of this provision, a  
69 request for withdrawal will be considered honored if it is  
70 processed by the licensed operator but delayed by a payment  
71 processor, credit card issuer or by the custodian of a  
72 financial account;

73           (6) Allow a registered player to permanently close  
74 their account at any time for any reason; and

75           (7) Offer registered players access to their play  
76 history and account details.

77           [4.] 5. A properly constituted special purpose entity  
78 shall be approved by the commission as a sufficient means of

79 segregating player funds from operational funds **and wagers**  
80 **placed in peer-to-peer fantasy sports contests.** A properly  
81 constituted special purpose entity shall:

82 (1) Have a governing board that includes one or more  
83 corporate directors who are independent of the fantasy  
84 sports contest operator and of any corporation controlled by  
85 the fantasy sports contest operator;

86 (2) Hold, at a minimum, the sum of all authorized  
87 player funds held in player accounts for use in fantasy  
88 sports contests;

89 (3) Reasonably protect the funds against claims of the  
90 operator's creditors other than the authorized players for  
91 whose benefit and protection the special purpose entity is  
92 established;

93 (4) Distribute funds only for the following purposes:

94 (a) For player account balance withdrawals or partial  
95 balance withdrawals made upon the specific request of the  
96 player;

97 (b) For income earned on the account, and owed to the  
98 fantasy sports operator, calculated as the remainder of all  
99 entry fees paid by users for fantasy sports contests minus  
100 all user winnings and cash bonuses paid or owed to users,  
101 payable to the fantasy sports contest operator;

102 (c) To the Missouri gaming commission in the event  
103 that the fantasy sports operator's license expires, is  
104 surrendered, or is otherwise revoked. The Missouri gaming  
105 commission may interplead the funds in the Cole County  
106 circuit court for distribution to the authorized players for  
107 whose protection and benefit the account was established and  
108 to other such persons as the court determines are entitled  
109 thereto, or shall take such other steps as necessary to

110 effect the proper distribution of the funds, or may do both;  
111 or

112 (d) As authorized in writing in advance by any  
113 agreement approved by the Missouri gaming commission;

114 (5) Require a unanimous vote of all corporate  
115 directors to file bankruptcy;

116 (6) Obtain permission from the Missouri gaming  
117 commission prior to filing bankruptcy or entering into  
118 receivership;

119 (7) Have corporate governance requirements which  
120 prohibit commingling of funds with that of the fantasy  
121 sports contest operator except as necessary to reconcile the  
122 accounts of players with sums owed by those players to the  
123 fantasy sports contest operator;

124 (8) Be restricted from incurring debt other than to  
125 fantasy sports players under the rules that govern their  
126 accounts for contests;

127 (9) Be restricted from taking on obligations of the  
128 fantasy sports contest operator other than obligations to  
129 players under the rules that govern their accounts for  
130 contests; and

131 (10) Be prohibited from dissolving, merging, or  
132 consolidating with another company without the written  
133 approval of the Missouri gaming commission while there are  
134 unsatisfied obligations to fantasy sports contest players.

135 [5.] 6. The commission, at its discretion, may approve  
136 other commercially reasonable approaches to segregation of  
137 funds so long as they adequately protect Missouri player  
138 accounts.

139 [6.] 7. A licensed operator shall establish procedures  
140 for a registered player to report complaints to the licensed  
141 operator regarding whether his or her account has been

142 misallocated, compromised, or otherwise mishandled, and a  
143 procedure for the licensed operator to respond to those  
144 complaints.

145       [7.] 8. A registered player who believes his or her  
146 account has been misallocated, compromised, or otherwise  
147 mishandled should notify the commission. Upon notification,  
148 the commission may investigate the claim and may take any  
149 action the commission deems appropriate under subdivision  
150 (4) of section 313.950.

151       [8.] 9. A licensed operator shall not issue credit to  
152 a registered player.

153       [9.] 10. A licensed operator shall not allow a  
154 registered player to establish more than one account or user  
155 name on its authorized internet website.

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