

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2 repealed and two new sections enacted in lieu thereof, to be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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