

HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 2540

03/08/2016 Authored by Sanders, Swedzinski and Barrett
The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform

03/24/2016 Adoption of Report: Amended and re-referred to the Committee on Public Safety and Crime Prevention Policy and Finance

03/30/2016 Adoption of Report: Placed on the General Register as Amended
Read Second Time

04/11/2016 Calendar for the Day, Amended
Read Third Time as Amended
Passed by the House as Amended and transmitted to the Senate to include Floor Amendments

1.1 A bill for an act
1.2 relating to commerce; authorizing fantasy sports; amending Minnesota Statutes
1.3 2014, sections 541.20; 541.21; 609.761, by adding a subdivision; proposing
1.4 coding for new law in Minnesota Statutes, chapter 325F.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. **[325F.9901] CONSUMER PROTECTION; FANTASY SPORTS.**

1.7 Subdivision 1. **Fantasy game operation requirements.** A game operator offering
1.8 a fantasy game with an entry fee in this state must implement commercially reasonable
1.9 procedures to:

1.10 (1) prevent employees of the game operator and relatives living in the same
1.11 household as employees of the game operator from competing in any fantasy game with an
1.12 entry fee offered by any game operator in which the operator offers a cash prize over \$5;

1.13 (2) prevent disclosure of gaming information that could affect fantasy game play
1.14 before the information is made publicly available;

1.15 (3) prevent a game operator employee from being a participant in a fantasy game
1.16 the game operator offers;

1.17 (4) verify that contest participants are 18 years of age through the use of a
1.18 commercially available database or aggregate of databases that is regularly used
1.19 by government and businesses for the purpose of age and identity verification and
1.20 authentication;

1.21 (5) ensure that an individual who participates as a player or official in a game or
1.22 contest that is the subject of a fantasy game will be restricted from entering a fantasy game
1.23 that is determined, in whole or in part, on the accumulated statistical results of a team of
1.24 individuals in the game or contest in which the individual is a participant;

2.1 (6) make available on the operator's Web site information about resources relating to
2.2 compulsive behavior and where to seek assistance for compulsive behavior;

2.3 (7) make available via Web site, telephone, or online chat means to allow individuals
2.4 to irrevocably restrict their ability to enter a fantasy game and select the length of time
2.5 restrictions will be in place;

2.6 (8) disclose the number of entries a single fantasy game player may submit to
2.7 each fantasy game with an entry fee and take reasonable steps to prevent a player from
2.8 submitting more than the allowable number;

2.9 (9) for the benefit and protection of fantasy game players' funds held in fantasy game
2.10 accounts, segregate player funds from operational funds and maintain a reserve in the
2.11 form of cash, cash equivalents, an irrevocable letter of credit, a bond, security deposits
2.12 at merchant banks and payment processors, or a combination thereof in the amount of
2.13 the balance available for withdrawal in player accounts;

2.14 (10) offer access to the fantasy game player's play history, including a summary of
2.15 entry fees expended, games played and previous line-ups, and prizes awarded;

2.16 (11) offer access to account details, including all deposit amounts, withdrawal
2.17 amounts, and bonus or promotion information, including how much is left on any pending
2.18 bonus or promotion and how much has been released to the fantasy game player;

2.19 (12) prevent a player from using a proxy server to enter the game operator's platform;

2.20 (13) prominently publish the rules governing each fantasy game with an entry fee;

2.21 (14) prohibit the use of third-party scripts, and prohibit a person found to be using
2.22 a third-party script from playing in a fantasy game offered by the operator for a period
2.23 of not less than one year;

2.24 (15) develop and prominently publish procedures by which a person may file a
2.25 complaint with the operator; and

2.26 (16) disclose the terms of all promotional offers at the time the offers are advertised,
2.27 and provide full disclosures of limitations on the offer before a person provides financial
2.28 consideration in exchange for the offer.

2.29 Subd. 2. **Definitions.** For purposes of this section, "game operator," "fantasy game,"
2.30 and "entry fee" have the meanings given them under section 609.761, subdivision 7.
2.31 "Script" means commands that a computer program can execute to automate processes on
2.32 a game operator's Web site or application.

2.33 Subd. 3. **Audits.** A game operator shall contract annually with a third party to
2.34 perform an independent audit, consistent with the standards established by the Public
2.35 Company Accounting Oversight Board, to ensure compliance with this section. The

3.1 game operator must submit the audit to the commissioner of public safety by March 15
3.2 each year for examination and inspection.

3.3 Sec. 2. Minnesota Statutes 2014, section 541.20, is amended to read:

3.4 **541.20 RECOVERY OF MONEY LOST.**

3.5 Every person who, by playing at cards, dice, or other game, or by betting on the
3.6 hands or sides of such as are gambling, shall lose to any person so playing or betting
3.7 any sum of money or any goods, and pays or delivers the same, or any part thereof, to
3.8 the winner, may sue for and recover such money by a civil action, before any court
3.9 of competent jurisdiction. For purposes of this section, gambling shall not include
3.10 pari-mutuel wagering conducted under a license issued pursuant to chapter 240, purchase
3.11 or sale of tickets in the state lottery, ~~or~~ gambling authorized under chapters 349 and 349A₂
3.12 or participation in a fantasy game as defined under section 609.761, subdivision 7.

3.13 Sec. 3. Minnesota Statutes 2014, section 541.21, is amended to read:

3.14 **541.21 COMMITMENTS FOR GAMBLING DEBT VOID.**

3.15 Every note, bill, bond, mortgage, or other security or conveyance in which the whole
3.16 or any part of the consideration shall be for any money or goods won by gambling or
3.17 playing at cards, dice, or any other game whatever, or by betting on the sides or hands
3.18 of any person gambling, or for reimbursing or repaying any money knowingly lent or
3.19 advanced at the time and place of such gambling or betting, or lent and advanced for any
3.20 gambling or betting to any persons so gambling or betting, shall be void and of no effect
3.21 as between the parties to the same, and as to all persons except such as hold or claim under
3.22 them in good faith, without notice of the illegality of the consideration of such contract or
3.23 conveyance. The provisions of this section shall not apply to:

- 3.24 (1) pari-mutuel wagering conducted under a license issued pursuant to chapter 240;
3.25 (2) purchase of tickets in the state lottery under chapter 349A;
3.26 (3) gaming activities conducted pursuant to the Indian Gaming Regulatory Act,
3.27 United States Code, title 25, section 2701 et seq.; ~~or~~
3.28 (4) lawful gambling activities permitted under chapter 349; or
3.29 (5) participation in a fantasy game as defined under section 609.761, subdivision 7.

3.30 Sec. 4. Minnesota Statutes 2014, section 609.761, is amended by adding a subdivision
3.31 to read:

3.32 Subd. 7. **Fantasy games.** (a) For purposes of this subdivision, the following terms
3.33 have the meanings given them:

4.1 (1) "entry fee" means cash or cash equivalent that is required to be paid by a fantasy
4.2 game player to a game operator to participate in a fantasy game;

4.3 (2) "fantasy game" means a fantasy sports game or contest that meets the following
4.4 conditions:

4.5 (i) the value of all prizes and awards offered to winning game participants are
4.6 established and made known to the game participants in advance of the fantasy game;

4.7 (ii) all winning outcomes are determined predominantly by the accumulated statistical
4.8 results of the performance of individuals, including athletes in the case of sporting events;

4.9 (iii) no winning outcome is based on the score, point spread, or performance
4.10 or performances of a single team or combination of such teams or solely on a single
4.11 performance of an individual athlete or player in a single event; and

4.12 (iv) the result of a fantasy game is not based on any athlete participating on a
4.13 team sponsored by a secondary or postsecondary educational organization located in
4.14 this state; and

4.15 (3) "game operator" means a person that offers a fantasy game for a cash prize.

4.16 (b) A fantasy game is a bona fide contest for the determination of skill under section
4.17 609.75, subdivision 3, clause (3), and is not a violation of sections 609.75, 609.755,
4.18 and 609.76.

4.19 (c) Sections 609.755 and 609.76 do not prohibit a game operator from offering a
4.20 fantasy game.