

1 (1) The value of all prizes and awards offered to winning
2 participants is established and made known to the
3 participants in advance of the contest;

4 (2) All winning outcomes reflect the relative knowledge
5 and skill of the participants and are determined
6 predominantly by accumulated statistical results of
7 the performance of individuals, including athletes in
8 the case of sporting events; and

9 (3) No winning outcome is based on the score, point
10 spread, or any performance or performances of any
11 single actual team or combination of teams or solely
12 on any single performance of an individual athlete or
13 player in any single actual event.

14 "Fantasy contest operator" means a person or entity that
15 offers fantasy contests for a cash prize to members of the
16 public.

17 "Fantasy contest player" means a person who participates in
18 a fantasy contest offered by a fantasy contest operator.

19 "Paid fantasy contest" means a fantasy contest with an
20 entry fee.



1 § -3 Registration of fantasy contest operators. (a)

2 Every fantasy contest operator shall register with the
3 department prior to offering any fantasy contest for a cash
4 prize to members of the public in the State.

5 (b) The department may make available a registration form
6 to assist in the registration by fantasy contest operators.

7 (c) Each application for registration shall be accompanied
8 by a fee in the amount of \$25,000.

9 § -4 Protection of players. (a) In connection with any
10 paid fantasy contest, a fantasy contest operator shall:

11 (1) Prevent employees of the fantasy contest operator, and
12 relatives living in the same household as those
13 employees, from competing in any fantasy contest
14 offered to the public by any fantasy contest operator
15 in which the operator offers a cash prize;

16 (2) Prevent sharing of confidential information that could
17 affect fantasy contest play with third parties until
18 the information is made publicly available;

19 (3) Prevent the game operator from being a participant in
20 a fantasy game offered by the fantasy contest
21 operator;



- 1 (4) Verify that a fantasy contest player is at least
2 eighteen years of age;
- 3 (5) Ensure that individuals who participate or officiate
4 in a game or contest that is the subject of a fantasy
5 contest will be restricted from entering a fantasy
6 contest that is determined, in whole or in part, on
7 the accumulated statistical results of a team of
8 individuals in the game or contest in which they are a
9 player;
- 10 (6) Allow individuals to restrict themselves from entering
11 a fantasy contest upon request and take reasonable
12 steps to prevent those individuals from entering the
13 fantasy contest operator's fantasy contests;
- 14 (7) Disclose the number of entries a single fantasy
15 contest player may submit to each fantasy contest and
16 take reasonable steps to prevent players from
17 submitting more than the allowable number; and
- 18 (8) Segregate player funds from operational funds and
19 maintain a reserve in the form of cash, cash
20 equivalents, an irrevocable letter of credit, a bond,
21 or a combination thereof, in the amount of the



1 deposits in player accounts for the benefit and
2 protection of authorized fantasy contest players'
3 funds held in fantasy contest accounts.

4 (b) At least once during each calendar year, a fantasy
5 contest operator offering fantasy contests in the State shall
6 cause a certified public accountant licensed under chapter 466
7 to perform an independent audit, consistent with the standards
8 established by the board of public accountancy, to ensure
9 compliance with all of the requirements of this chapter. The
10 fantasy contest operator shall submit the results of the
11 independent audit to the department.

12 (c) This section shall only apply to paid fantasy
13 contests.

14 § -5 **Penalties.** Any person, firm, corporation,
15 association, agent, or employee who violates any provision of
16 this chapter shall be liable for a civil penalty of not more
17 than \$1,000 for each violation, which shall accrue to the State
18 and may be recovered in a civil action brought by the
19 department.

20 § -6 **Exemption from gambling.** Fantasy contests operated
21 by a fantasy contest operator that is registered under this



1 chapter shall be exempt from part III of chapter 712, Hawaii
2 Revised Statutes."

3 SECTION 2. Section 712-1220, Hawaii Revised Statutes, is
4 amended by amending the definitions of "contest of chance" and
5 "gambling" to read as follows:

6 "Contest of chance" means any contest, game, gaming
7 scheme, or gaming device in which the outcome depends in a
8 material degree upon an element of chance, notwithstanding that
9 skill of the contestants may also be a factor therein[-];
10 provided that a contest of chance shall not include a fantasy
11 contest pursuant to chapter .

12 "Gambling". A person engages in gambling if [~~he~~] that
13 person stakes or risks something of value upon the outcome of a
14 contest of chance or a future contingent event not under [~~his~~]
15 that person's control or influence, upon an agreement or
16 understanding that [~~he~~] that person or someone else will receive
17 something of value in the event of a certain outcome. Gambling
18 does not include bona fide business transactions valid under the
19 law of contracts, including but not limited to contracts for the
20 purchase or sale at a future date of securities or commodities,
21 and agreements to compensate for loss caused by the happening of



1 chance, including but not limited to contracts of indemnity or
 2 guaranty and life, health, or accident insurance[-]; provided
 3 that gambling shall not include activities authorized for a
 4 fantasy contest pursuant to chapter _____."

5 SECTION 3. Statutory material to be repealed is bracketed
 6 and stricken. New statutory material is underscored.

7 SECTION 4. This Act shall take effect on July 1, 2016.
 8

INTRODUCED BY:

[Handwritten signatures: Gordon Li, [unclear], [unclear], John M. [unclear]]

JAN 22 2016



H.B. NO. 1838

Report Title:

Fantasy Contests; Authorization; Regulation

Description:

Provides for the authorization and regulation of fantasy contests. Establishes consumer protections for participants. Clarifies that fantasy contests shall not be considered gambling or games of chance.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

