

JAN 27 2016

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# A BILL FOR AN ACT

RELATING TO FANTASY CONTESTS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1 SECTION 1. The Hawaii Revised Statutes is amended by  
2 adding a new chapter to be appropriately designated and to read  
3 as follows:

4 "CHAPTER

5 FANTASY CONTESTS ACT

6 § -1 Short title. This chapter may be cited as the  
7 "Fantasy Contests Act".

8 § -2 Definitions. As used in this chapter:

9 "Confidential information" means information related to the  
10 playing of a fantasy contest by fantasy contest players obtained  
11 as a result of or by virtue of a person's employment.

12 "Department" means the department of the attorney general.

13 "Entry fee" means cash or cash equivalent that is required  
14 to be paid by a fantasy contest player to a fantasy contest  
15 operator to participate in a paid fantasy contest.

16 "Fantasy contest" means any fantasy or simulated game or  
17 contest in which:



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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



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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.

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INTRODUCED BY:

~~SEN. SC. FISH~~ Sen. Fish



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**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.*

