February 3, 2016 – Introduced by Senators ROTH, DARLING and GUDEX, cosponsored by Representatives VORPAGEL, BROSTOFF, LOUDENBECK, A. OTT, DUCHOW, KRUG and TAUCHEN. Referred to Committee on Judiciary and Public Safety.

AN ACT to amend 945.01 (1) (b) and 945.01 (5) (am); and to create chapter 570 of the statutes; relating to: fantasy games and providing a penalty.

Analysis by the Legislative Reference Bureau

This bill requires fantasy game operators to register with the Department of Financial Institutions and imposes certain requirements on fantasy game operators. “Fantasy game” is defined in the bill as being a fantasy or simulation sports game or educational game or contest in which all winning outcomes reflect the relative knowledge and skill of fantasy game participants and are determined predominantly by accumulated statistical results of the performance of individuals, including athletes in the case of sporting events; in which a winning outcome is not based on the score, point spread, or performance of a single team or combination of teams or on any single performance of an individual athlete or player in a single event; and in which the value of all prizes and awards offered to fantasy game participants with winning outcomes is established and made known to the fantasy game participants in advance of the fantasy game. The bill specifies that a fantasy game is not betting or a lottery. Under current law, making a bet; receiving, recording, or forwarding a bet or offer to bet for gain; conducting a lottery; or engaging in other gambling activities is illegal.

For further information see the state fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:
SECTION 1. Chapter 570 of the statutes is created to read:

CHAPTER 570

FANTASY GAMES

570.01 Definitions. In this chapter:

(1) “Confidential information” means information related to the playing of fantasy games by game participants that is obtained solely as a result of a person’s employment with or work as an agent for a game operator.

(2) “Department” means the department of financial institutions.

(3) “Fantasy game” means a fantasy or simulation sports game or educational game or contest that meets all of the following conditions:

(a) All winning outcomes reflect the relative knowledge and skill of fantasy game participants and are determined predominantly by accumulated statistical results of the performance of individuals, including athletes in the case of sporting events.

(b) A winning outcome is not based on the score, point spread, or performance of a single team or combination of teams or on any single performance of an individual athlete or player in a single event.

(c) The value of all prizes and awards offered to fantasy game participants with winning outcomes is established and made known to the fantasy game participants in advance of the fantasy game.

(4) “Fantasy game operator” means a person that offers fantasy games for a cash prize to more than 750 members of the public.

(5) “Fantasy game participant” means a person who participates in a fantasy game offered by a fantasy game operator.
570.05 Fantasy game operator registration. A fantasy game operator offering fantasy games to residents of this state shall register annually with the department. The initial registration fee is $150,000, and the annual renewal fee is $30,000.

570.10 Fantasy game operator requirements. (1) A fantasy game operator shall implement procedures that are intended to do all of the following:

(a) Prevent employees of or relatives living in the same household as a fantasy game operator from competing in a fantasy game in which the prize is over $5.

(b) Prohibit the fantasy game operator from participating in any fantasy game that he or she offers.

(c) Prevent the employees or agents of the fantasy game operator from sharing confidential information with 3rd parties that could affect fantasy game play until the information is made publicly available.

(d) Verify that a game participant is 18 years of age or older.

(e) Restrict an individual who is a player, game official, or other participant in an actual athletic game or competition from participating in a fantasy game that is determined in whole or in part on the performance of that individual or the team to which that individual belongs or on the accumulated statistical results of the sport, athletic game, or competition in which he or she is a player, game official, or other participant.

(f) Allow individuals to restrict or prevent their own access to a fantasy game and take reasonable steps to prevent those individuals from entering a fantasy game.

(g) Disclose the number of fantasy games that a single fantasy game participant may enter and take reasonable steps to prevent fantasy game participants from entering more than the allowable number of fantasy games.
(h) Segregate game participants’ moneys from operational moneys and maintain a reserve in the form of cash, cash equivalents, an irrevocable letter of credit, a bond, or a combination of forms in the total amount of deposits in fantasy game participants’ accounts for the benefit and protection of authorized game participants’ moneys held in fantasy game accounts.

(2) A fantasy game operator offering fantasy games to residents of this state shall annually contract with a 3rd party to perform an independent audit to ensure compliance with this chapter. The fantasy game operator shall submit the results of the independent audit to the department.

570.15 Penalties. (1) If the department finds that a fantasy game operator no longer meets the requirements of this chapter or violates this chapter, the department may do any of the following:

(a) Deny renewal registration of the fantasy game operator.

(b) Suspend the registration of the fantasy game operator until the department determines that the fantasy game operator demonstrates compliance.

(c) Revoke the registration of the fantasy game operator.

(2) A fantasy game operator or an employee or agent of a fantasy game operator who violates this chapter is subject to a forfeiture not to exceed $1,000 for each violation.

(3) A fantasy game operator or an employee or agent of a fantasy game operator subject to a penalty under this section is entitled to an appeal and a hearing under ch. 227.

SECTION 2. 945.01 (1) (b) of the statutes is amended to read:

945.01 (1) (b) Offers of purses, prizes or premiums to the actual contestants in any bona fide contest, including a fantasy game under ch. 570, for the determination
of skill, speed, strength, or endurance or to the bona fide owners of animals or vehicles entered in such contest;

SECTION 3. 945.01 (5) (am) of the statutes is amended to read:

945.01 (5) (am) “Lottery” does not include bingo or a raffle conducted under ch. 563, pari-mutuel wagering conducted under ch. 562, a fantasy game under ch. 570, or the state lottery or any multijurisdictional lottery conducted under ch. 565.