

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 2nd Session of the 55th Legislature (2016)

4 COMMITTEE SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 2278

By: Wood and Dunnington of the
House

and

Holt of the Senate

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10 COMMITTEE SUBSTITUTE

11 An Act relating to consumer protection; creating the
12 Oklahoma Fantasy Contests Act; defining terms;
13 requiring fantasy contest operator to register with
14 the Department of Consumer Credit; prescribing
15 operator to implement specified procedures; mandating
16 annual independent audit; specifying standards for
17 audit; directing submission of audit to Department;
18 prescribing penalty for violation of act; authorizing
19 collection through civil action by the Department;
20 construing applicability; providing for codification;
21 and providing an effective date.

22 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

23 SECTION 1. NEW LAW A new section of law to be codified
24 in the Oklahoma Statutes as Section 1025 of Title 15, unless there
is created a duplication in numbering, reads as follows:

1 This act shall be known and may be cited as the "Oklahoma
2 Fantasy Contests Act".

3 SECTION 2. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 1026 of Title 15, unless there
5 is created a duplication in numbering, reads as follows:

6 As used in the Oklahoma Fantasy Contests Act:

7 1. "Confidential information" means information related to the
8 play of a fantasy contest by fantasy contest players obtained as a
9 result of or by virtue of a person's employment;

10 2. "Department" means the Department of Consumer Credit;

11 3. "Entry fee" means cash or cash equivalent that is required
12 to be paid by a fantasy contest player to a fantasy contest operator
13 to participate in a fantasy contest;

14 4. "Fantasy contest" means any fantasy or simulated game or
15 contest, in which:

16 a. the value of all prizes and awards offered to winning
17 participants are established and made known to the
18 participants in advance of the contest,

19 b. all winning outcomes reflect the relative knowledge
20 and skill of the participants and shall be determined
21 predominantly by accumulated statistical results of
22 the performance of individuals, including athletes in
23 the case of sports events, and

24

1 c. no winning outcome is based on the score, point spread
2 or any performance or performances of any single
3 actual team or combination of such teams or solely on
4 any single performance of an individual athlete or
5 player in any single actual event;

6 5. "Fantasy contest operator" means a person or entity that
7 offers fantasy contests with an entry fee for a cash prize to
8 members of the public; and

9 6. "Fantasy contest player" means a person who participates in
10 a fantasy contest offered by a fantasy contest operator.

11 SECTION 3. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 1027 of Title 15, unless there
13 is created a duplication in numbering, reads as follows:

14 A. A fantasy contest operator offering fantasy contests with an
15 entry fee in this state shall register with the Department of
16 Consumer Credit. The registration shall be valid upon receipt and
17 payment of a fee not to exceed Two Thousand Five Hundred Dollars
18 (\$2,500.00).

19 B. A fantasy contest operator shall implement procedures for
20 fantasy contests with an entry fee that are intended to:

21 1. Prevent employees of the fantasy contest operator and
22 relatives living in the same household as such employees from
23 competing in any public fantasy contest offered by any fantasy
24 contest operator in which the operator offers a cash prize;

- 1 2. Prevent sharing of confidential information that could
2 affect the fantasy contest play with third parties until the
3 information is made publicly available;
- 4 3. Prevent the fantasy contest operator from participating in
5 the fantasy contest he or she offers;
- 6 4. Verify that a fantasy contest player in the fantasy contest
7 is eighteen (18) years of age or older;
- 8 5. Ensure that individuals who participate or officiate in a
9 game or contest that is the subject of the fantasy contest will be
10 restricted from entering the fantasy contest that is determined, in
11 whole or in part, on the accumulated statistical results of a team
12 of individuals in the game or contest in which they are a player;
- 13 6. Allow individuals to restrict themselves from entering the
14 fantasy contest upon request and provide reasonable steps to prevent
15 those individuals from entering such fantasy contests offered by the
16 fantasy contest operator;
- 17 7. Disclose the number of entries a single fantasy contest
18 player may submit to each fantasy contest and take reasonable steps
19 to prevent players from submitting more than the allowable number;
20 and
- 21 8. Segregate player funds from operational funds and maintain a
22 reserve in the form of cash, cash equivalents, an irrevocable letter
23 of credit, a bond or a combination thereof in the amount of the
24 deposits in player accounts for the benefit and protection of

1 authorized fantasy contest players' funds held in fantasy contest
2 accounts.

3 C. A fantasy contest operator offering fantasy contests with an
4 entry fee in the state shall annually contract a third party to
5 perform an independent audit, consistent with the standards
6 established by the Public Company Accounting Oversight Board, to
7 ensure compliance with all of the requirements in the Oklahoma
8 Fantasy Contests Act and submit the results of the independent audit
9 to the Department of Consumer Credit.

10 SECTION 4. NEW LAW A new section of law to be codified
11 in the Oklahoma Statutes as Section 1028 of Title 15, unless there
12 is created a duplication in numbering, reads as follows:

13 Any person, firm, corporation, association, agent or employee
14 who violates any provision of the Oklahoma Fantasy Contests Act
15 shall be liable for a civil penalty of not more than One Thousand
16 Dollars (\$1,000.00) for each violation, which shall accrue to the
17 state and may be recovered in a civil action brought by the
18 Department of Consumer Credit.

19 SECTION 5. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 1029 of Title 15, unless there
21 is created a duplication in numbering, reads as follows:

22 Nothing contained in Sections 941 through 961 of Title 21 of the
23 Oklahoma Statutes shall be applicable to a fantasy contest as
24 defined in the Oklahoma Fantasy Contests Act.

1 SECTION 6. This act shall become effective November 1, 2016.

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3 COMMITTEE REPORT BY: COMMITTEE ON ECONOMIC DEVELOPMENT, COMMERCE AND
4 REAL ESTATE, dated 02/11/2016 - DO PASS, As Amended and Coauthored.
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