



State of Wisconsin
2015 - 2016 LEGISLATURE

LRB-4654/1
TJD:amn

2015 SENATE BILL 702

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.

- 1 **AN ACT** *to amend* 945.01 (1) (b) and 945.01 (5) (am); and *to create* chapter 570
2 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:

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SECTION 1

1 **SECTION 1.** Chapter 570 of the statutes is created to read:

2 **CHAPTER 570**

3 **FANTASY GAMES**

4 **570.01 Definitions.** In this chapter:

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

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

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

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

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

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

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

23 (5) “Fantasy game participant” means a person who participates in a fantasy
24 game offered by a fantasy game operator.

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1 **570.05 Fantasy game operator registration.** A fantasy game operator
2 offering fantasy games to residents of this state shall register annually with the
3 department. The initial registration fee is \$150,000, and the annual renewal fee is
4 \$30,000.

5 **570.10 Fantasy game operator requirements. (1)** A fantasy game
6 operator shall implement procedures that are intended to do all of the following:

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

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

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

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

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

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

23 (g) Disclose the number of fantasy games that a single fantasy game
24 participant may enter and take reasonable steps to prevent fantasy game
25 participants from entering more than the allowable number of fantasy games.

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1 (h) Segregate game participants' moneys from operational moneys and
2 maintain a reserve in the form of cash, cash equivalents, an irrevocable letter of
3 credit, a bond, or a combination of forms in the total amount of deposits in fantasy
4 game participants' accounts for the benefit and protection of authorized game
5 participants' moneys held in fantasy game accounts.

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

10 **570.15 Penalties.** (1) If the department finds that a fantasy game operator
11 no longer meets the requirements of this chapter or violates this chapter, the
12 department may do any of the following:

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

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

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

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

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

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

24 945.01 (1) (b) Offers of purses, prizes or premiums to the actual contestants in
25 any bona fide contest, including a fantasy game under ch. 570, for the determination

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1 of skill, speed, strength, or endurance or to the bona fide owners of animals or
2 vehicles entered in such contest;

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

4 945.01 (5) (am) "Lottery" does not include bingo or a raffle conducted under ch.
5 563, pari-mutuel wagering conducted under ch. 562, a fantasy game under ch. 570,
6 or the state lottery or any multijurisdictional lottery conducted under ch. 565.

7 (END)