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HOUSE BILL 314

52ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2016

INTRODUCED BY

Nate Gentry

AN ACT

RELATING TO FANTASY CONTESTS; ENACTING THE FANTASY CONTESTS ACT; DEFINING TERMS; ESTABLISHING CONSUMER PROTECTIONS FOR PARTICIPANTS OF FANTASY CONTESTS WITH AN ENTRY FEE; PROVIDING PENALTIES; PROVIDING THAT FANTASY CONTESTS ARE EXEMPT FROM GAMBLING PROHIBITIONS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. [NEW MATERIAL] SHORT TITLE.--This act may be cited as the "Fantasy Contests Act".

SECTION 2. [NEW MATERIAL] DEFINITIONS.--As used in the Fantasy Contests Act:

A. "confidential information" means information related to the play of a fantasy contest by fantasy contest players obtained as a result of or by virtue of a person's employment;

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1 B. "entry fee" means cash or cash equivalent that
2 is required to be paid by a fantasy contest player to a fantasy
3 contest operator to participate in a fantasy contest;

4 C. "fantasy contest" means a fantasy or simulated
5 game or contest in which:

6 (1) the value of all prizes and awards offered
7 to winning players is established and made known to the players
8 in advance of the contest;

9 (2) all winning outcomes reflect the relative
10 knowledge and skill of the players and are determined
11 predominantly by accumulated statistical results of the
12 performance of individuals, including athletes in the case of
13 sporting events; and

14 (3) winning outcomes are not based on the
15 score, point spread or any performance of any single actual
16 sports team or combination of such teams or solely on any
17 single performance of an individual athlete in any single
18 actual sporting event;

19 D. "fantasy contest operator" means a person or
20 entity that offers fantasy contests with an entry fee for a
21 cash prize to the general public; and

22 E. "fantasy contest player" means a person who
23 participates in a fantasy contest offered by a fantasy contest
24 operator.

25 SECTION 3. [NEW MATERIAL] CONSUMER PROTECTION.--

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1 A. A fantasy contest operator shall implement
2 procedures for fantasy contests with an entry fee that are
3 intended to:

4 (1) prevent employees of the fantasy contest
5 operator, and relatives living in the same household as such
6 employees, from competing in any such public fantasy contests
7 offered by any fantasy contest operator in which the operator
8 offers a cash prize;

9 (2) prevent sharing of confidential
10 information that could affect such fantasy contest play with
11 third parties until the information is made publicly available;

12 (3) prevent the fantasy contest operator from
13 participating in such a fantasy contest he or she offers;

14 (4) verify that a fantasy contest player in
15 such a fantasy contest is eighteen years of age or older;

16 (5) ensure that individuals who participate or
17 officiate in a game or contest that is the subject of such a
18 fantasy contest will be restricted from entering such a fantasy
19 contest that is determined, in whole or in part, on the
20 accumulated statistical results of a team of individuals in a
21 game or contest in which he or she is a player;

22 (6) allow individuals to restrict themselves
23 from entering such a fantasy contest upon request and provide
24 reasonable steps to prevent the person from entering such
25 fantasy contests offered by the fantasy contest operator;

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1 (7) disclose the number of entries that a
2 fantasy contest player may submit to each such fantasy contest
3 and provide reasonable steps to prevent players from submitting
4 more than the allowable number; and

5 (8) segregate fantasy contest player funds
6 from operational funds and maintain a reserve in the form of
7 cash, cash equivalents, an irrevocable letter or credit, a bond
8 or a combination thereof, in the amount of the deposits made to
9 the accounts of fantasy contest players for the benefit and
10 protection of the funds held in such accounts.

11 B. A fantasy contest operator offering fantasy
12 contests with an entry fee in this state shall contract with a
13 third party to annually perform an independent audit,
14 consistent with the standards established by the public company
15 accounting oversight board, to ensure compliance with this
16 section and submit the results of such audit to the secretary
17 of state.

18 SECTION 4. [NEW MATERIAL] PENALTIES.--A person, firm,
19 corporation, association, agent or employee who violates the
20 Fantasy Contests Act is subject to a civil penalty of not more
21 than one thousand dollars (\$1,000) for each violation, which
22 shall accrue to the state and may be recovered in a civil
23 action brought by the secretary of state.

24 SECTION 5. [NEW MATERIAL] EXEMPTION.--Fantasy contests,
25 as defined in Section 2 of the Fantasy Contests Act, are exempt

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1 from Chapter 30, Article 19 NMSA 1978.

2 SECTION 6. EFFECTIVE DATE.--The effective date of the
3 provisions of this act is July 1, 2016.

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