

1 STATE OF OKLAHOMA

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

3 COMMITTEE SUBSTITUTE
4 FOR
5 HOUSE BILL NO. 2278

By: Wood

6
7 COMMITTEE SUBSTITUTE

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

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1 As used in the Oklahoma Fantasy Contests Act:

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

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

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

9 4. "Fantasy contest" means any fantasy or simulated game or
10 contest, in which:

11 a. the value of all prizes and awards offered to winning
12 participants are established and made known to the
13 participants in advance of the contest,

14 b. all winning outcomes reflect the relative knowledge
15 and skill of the participants and shall be determined
16 predominantly by accumulated statistical results of
17 the performance of individuals, including athletes in
18 the case of sports events, and

19 c. no winning outcome is based on the score, point spread
20 or any performance or performances of any single
21 actual team or combination of such teams or solely on
22 any single performance of an individual athlete or
23 player in any single actual event;

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

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

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

9 A. A fantasy contest operator offering fantasy contests with an
10 entry fee in this state shall register with the Department of
11 Consumer Credit. The registration shall be valid upon receipt and
12 payment of a fee not to exceed Two Thousand Five Hundred Dollars
13 (\$2,500.00).

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

16 1. Prevent employees of the fantasy contest operator and
17 relatives living in the same household as such employees from
18 competing in any public fantasy contest offered by any fantasy
19 contest operator in which the operator offers a cash prize;

20 2. Prevent sharing of confidential information that could
21 affect the fantasy contest play with third parties until the
22 information is made publicly available;

23 3. Prevent the fantasy contest operator from participating in
24 the fantasy contest he or she offers;

1 4. Verify that a fantasy contest player in the fantasy contest
2 is eighteen (18) years of age or older;

3 5. Ensure that individuals who participate or officiate in a
4 game or contest that is the subject of the fantasy contest will be
5 restricted from entering the fantasy contest that is determined, in
6 whole or in part, on the accumulated statistical results of a team
7 of individuals in the game or contest in which they are a player;

8 6. Allow individuals to restrict themselves from entering the
9 fantasy contest upon request and provide reasonable steps to prevent
10 those individuals from entering such fantasy contests offered by the
11 fantasy contest operator;

12 7. Disclose the number of entries a single fantasy contest
13 player may submit to each fantasy contest and take reasonable steps
14 to prevent players from submitting more than the allowable number;
15 and

16 8. Segregate player funds from operational funds and maintain a
17 reserve in the form of cash, cash equivalents, an irrevocable letter
18 of credit, a bond or a combination thereof in the amount of the
19 deposits in player accounts for the benefit and protection of
20 authorized fantasy contest players' funds held in fantasy contest
21 accounts.

22 C. A fantasy contest operator offering fantasy contests with an
23 entry fee in the state shall annually contract a third party to
24 perform an independent audit, consistent with the standards

1 established by the Public Company Accounting Oversight Board, to
2 ensure compliance with all of the requirements in the Oklahoma
3 Fantasy Contests Act and submit the results of the independent audit
4 to the Department of Consumer Credit.

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

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

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

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

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

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