Fantasy Sports
The Laws and Our Concerns

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“Partnering Science and Communities”
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American Psychiatric Association Definition of Gambling as Recognized in the DSM-5

-Gambling involves risking something of value in the hopes of obtaining something of greater value.

The DSM-5 work group also changed the diagnosis of gambling disorder by eliminating the “illegal acts” criterion.
1920’s
Ethan Allen created All-Star Baseball

1961
Strat-o-matic

1979
The Baseball Seminar - “The Rotisserie Club”

1980’s
Digital ability to play

“Some participants report still receiving emails from Strat-o-matic”
History of Fantasy Sports

1990’s
Rapid growth of Fantasy Play, with one drawback, the amount of work involved in calculating player and team statistics

1994
The Internet, allowing instant access to player and team data

1995
Entertainment Sports Programming Network (ESPN) introduced the first internet based fantasy baseball game.

2015
Fantasy Sports is a $5 billion per year industry with over 41 million players.

Instant access to data comes at a cost. $1.6 billion was spent on fantasy “extras” in 2013

E. McCall
5/05/15
Stakeholders –
Those affect by the organization's actions, objectives and policies
Three Key Elements to Illegal Gambling

Consideration
- Something in exchange for something else

Reward
- Prize in tangible form

Chance
- Something that happens unpredictably

Different states have different interpretations of this law explaining why some states consider fantasy sports illegal.
Interstate Wire Act of 1961

“Bars engaging in the business of betting or wagering through the known use of a wire communication for the transmission in interstate or foreign commerce.”

-Wire communications not only include telephone communication, but internet transactions as well.
-Fines and imprisonment for up to two years are consequences of violating this Act.
-There have been no cases that have applied the Wire Act to fantasy sports leagues, however if a host site were to develop a commercial fantasy sports game that was identified as a game of chance, then that website would potentially face liability.
Congress made it illegal for those “engaged in the business of betting or wagering” to “knowingly accept” funds “in connection with the participation of another person in unlawful internet gambling”

-The primary purpose of the UIGEA is to supplement “traditional [gambling] law enforcement mechanisms” and to facilitate the regulation of “gambling prohibitions or regulations on the Internet especially where such gambling crosses state or national borders.”
Uniform Internet Gambling Enforcement Act

Congress finds the following:

(1) Internet gambling is primarily funded through personal use of payment system instruments, credit cards, and wire transfers.

(2) The National Gambling Impact Study Commission in 1999 recommended the passage of legislation to prohibit wire transfers to Internet gambling sites or the banks which represent such sites.

(3) Internet gambling is a growing cause of debt collection problems for insured depository institutions and the consumer credit industry.

(4) New mechanisms for enforcing gambling laws on the Internet are necessary because traditional law enforcement mechanisms are often inadequate for enforcing gambling prohibitions or regulations on the Internet, especially where such gambling crosses State or national borders.
(ix) participation in any fantasy or simulation sports game or educational game or contest in which (if the game or contest involves a team or teams) no fantasy or simulation sports team is based on the current membership of an actual team that is a member of an amateur or professional sports organization (as those terms are defined in section 3701 of title 28) and that meets the following conditions:

(I) All prizes and awards offered to winning participants are established and made known to the participants in advance of the game or contest and their value is not determined by the number of participants or the amount of any fees paid by those participants.

(II) All winning outcomes reflect the relative knowledge and skill of the participants and are determined predominantly by accumulated statistical results of the performance of individuals (athletes in the case of sports events) in multiple real-world sporting or other events.

(III) No winning outcome is based—(aa) on the score, point-spread, or any performance or performances of any single real-world team or any combination of such teams; or
(bb) solely on any single performance of an individual athlete in any single real-world sporting or other event.
The term “unlawful internet gambling” involves knowingly transmitting a bet or wager by means of the internet where the bet or wager is otherwise illegal under the laws of the place where the bet or wager is “initiated, received or otherwise made”.

So......if a person in a state where gambling is illegal places a bet over the internet, any business that knowingly accepts money in connection with that bet would be violating the act...regardless of business location.

Includes explicit carve-out for fantasy sports games with three conditions, one of them being that the winnings reflect knowledge and skill of participant and are determined by stats of performance of players in multiple, rea-world sporting events.

-Here is where daily and weekly come into question! Winning may not reflect knowledge and skill because of the limited duration of these games heightens luck in game results. Congress may not want to provide special protection to short-duration sports games because of the shortened duration of these games. This may feed the desires of compulsive and addicted gamblers.
Delaware, Kansas, Michigan, Ohio, Wisconsin, Washington and Vermont have adopted the true contract-law meaning of the word “consideration”. In these states, this is met even absent an entry fee, so long as the contest participant expends substantial time or effort that benefits the contest’s host in some way.

Consideration

• Something in exchange for something else
INDUSTRY DEMOGRAPHICS AT A GLANCE

- 80% Male
- 89.8% Caucasian
- 51.5% Not Married
- Average Age: 34
- Hours Consuming Sports per week: 17.89
- Hours Consuming Fantasy Sports per week: 8.67
- Favorite Fantasy Sport: Football (69.4%)
- Fantasy Sports Players that Pay League Fee: 46.9%

Because of the 2006 legislation (UIGEA), the explosive poker industry declined. A majority of fantasy players were online poker players.
The Fantasy Trade Association estimates that $15 Billion is spent in total playing, involving 41 million Americans.

"Twenty percent of Fantasy sports players are women. We gained almost 200,000 woman from just last year to this year that are playing fantasy sports,” Charchian (FSTA)
Number of Fantasy Sports Players by Year

- 1988: 0
- 1991-1994: 5,000,000
- 2003: 10,000,000
- 2004: 15,000,000
- 2005: 20,000,000
- 2006: 25,000,000
- 2007: 30,000,000
- 2008: 35,000,000
- 2009: 40,000,000
- 2010: 45,000,000
- 2011: 50,000,000
- 2014: 55,000,000

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Draft King is expected to spend $500 million on ESPN adds in the “coming years”

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“fastest growing demographic is under 18 [year-old] players; young adults and children are our fastest growing segment.” As a percentage of the population, teen participation is outpacing adult play by a wide margin: 13% of all adults (both genders, age 18+) played fantasy sports in the last year, whereas 20% of all teens (age 12-17) played.
Similar warning signs to other forms of disordered gambling

- Physical health becomes a concern
- Can consume hours
- Pre-occupies the mind
- Separation from other activities, friends, and family members
- Obsession, compulsion, euphoria-chasing
- Anxiety, pain and disappointment
- Denial and the illusion of control

http://www.right-turn.org/fantasy-sports-and-the-reality-of-addiction/
College Student-Athletes

- Are more likely to gamble and more likely to have gambling problems

- Referees and athletic staff-coaches, trainers, scouts. All are intimately involved in the game, have inside knowledge as well as a propensity to bet.

- According to a recent (2015) study by Drs. Jeffrey Derevensky and Loredana Marchica of McGill University “typical gambling activities such as poker, sports wagering and sports lotteries, share many similar characteristics with fantasy sports playing.

- Approximately half of college student-athletes who qualified as at risk or having gambling problems were found to have participated in fantasy sports wagering.

“If the fantasy league charges an entry fee in order to be able to participate and there is a prize at the end, it would be a violation of our gambling legislation for a staff member or student-athlete to participate.”
The 2013 NCAA study found that there has been an overall decrease in gambling, yet fantasy sports participation has risen among college student-athletes.

20% of college student-athletes admitted to participation in fantasy sports games for a fee.

Most male at-risk or problem gamblers (40.9%) were engaged in between two and five fantasy leagues.

33.7% of these NCAA student-athlete fantasy players spent on average between $10-$149 dollars on league related fees within a 12 month period.

Furthermore, over half of both male (65.5%) and female (66.7%) at-risk or problem gambling student-athletes do not consider fantasy sports participation as a gambling activity.
Advocates of expanded gambling, including legalized sports betting, often state or imply that such expansion will be accompanied by increased support for addiction prevention and treatment programs.

Not specified are any amounts or sources of funding, nor who would provide the “education about responsible gambling” – National Fantasy Sports Task Force
Prevention Measures

- Both amateur and professional leagues focus more on integrity of the game than on health of athletes, personnel, and fans.
  Balance integrity of the game with health of athletes.

- NCAA has found that most student athletes who gamble started long before they came to college.
  Broad based youth prevention and education efforts are imperative.

- Availability of confidential, disordered gambling informed resources
  NCAA, unions, and leagues need to ensure that athletes and personnel have a safe harbor to seek help for gambling-related problems, and qualified personnel are able to provide assistance.

- Including policy and where to get help, for example Division I and Division II Athlete Study Halls
  Mandatory educational briefings on gambling for players and personnel.
For the Public:
Use media opportunities to send responsible gambling messages.

Establish a minimum age for sports gambling and related fantasy games.

Urge NCAA and leagues and fantasy sports organizations to follow the example of NFL and Fan Duel and join NCPG.

Call to Action:
“We call on all stakeholders and participants in this debate to consider how to minimize harm from gambling addiction, irrespective of the outcome.”
- National Fantasy Sports Task Force
TELL ME AGAIN... WHAT'S THE 24 SECOND CLOCK?

THE TOTAL TIME BETWEEN MARCH MADNESS, FANTASY BASEBALL AND THE NFL DRAFT, THAT MOM HAS DAD'S COMPLETE UNDIVIDED ATTENTION.

"The worst part is he was on my fantasy management team."
"Leagues will posit that types of data are proprietary and will seek licensing fees from sportsbooks and fantasy operators."
Ryan Rodenberg - Assistant professor of sports law at Florida State University

"I don't care if you're betting on a cockroach race. Some people will get addicted to it."
Arnie Wexler - Certified compulsive gambling counselor, author (with former Newsday columnist Steve Jacobson) of All Bets Are Off

"Where there is a legal way for people to bet, they know it's a fair game and they will get paid when they win."
Joe Asher - CEO of William Hill U.S., a U.K.-based sportsbook

"The notion that if they legalize it it's going to become an epidemic is ridiculous."
Charles Barkley - Hall of Famer and noted gambler

"There's no lobby group to protect the families whose lives would be devastated by Mom or Dad becoming a compulsive gambler."
Justin Wolfers - Economist and professor at the University of Michigan
https://www.youtube.com/watch?v=4Pm2pkxbYYU