

<http://boston.cbslocal.com/2015/10/29/mass-regulators-examining-daily-fantasy-sports/>

Mass. Regulators Examining Daily Fantasy Sports

CBS Boston

October 29, 2015

BOSTON (AP) — Massachusetts gambling regulators voiced support Thursday for regulating daily fantasy sports, with some noting rising concerns about insider trading, money laundering, gambling addiction and other issues as the industry has exploded in popularity in recent years.

“There are enough similarities to other forms of gambling that it warrants regulation,” Commissioner Enrique Zuniga said.

Commissioner James McHugh echoed: “You need to have somebody watching carefully when big sums of money are being transferred.”

Prompted by calls from state leaders to weigh in, the Gaming Commission is beginning public discussions on what direction Massachusetts might take.

The five-member panel, which oversees casinos and horse racing, promised after the roughly hour long discussion Thursday to quickly turn around a policy paper to help guide Massachusetts lawmakers as they weigh whether daily fantasy sports are legal and whether they should be regulated.

“The industry needs to know what the rules of the road are, and it’s incumbent upon us to move pretty quickly,” Commission Chairman Stephen Crosby said.

Daily fantasy sports are online contests in which players pay an entry fee and compete for cash prizes by picking teams of college or professional athletes and scoring fantasy points based on how those players do in real-world games.

Stephen Martino, a lawyer for FanDuel, said after the meeting that the New York-based daily fantasy sports company supports efforts to develop regulations.

But Martino, a former Maryland and Kansas gambling regulator, said the company is concerned about imposing “casino gaming-style” regulations that could hamper the emerging industry, a sentiment also voiced by Crosby.

“This industry is not brick-and-mortar casinos. It’s conducted in a completely different manner,” Martino said. “To the extent that there is any risk, it’s not as anywhere near as profound as in a casino or a traditional lottery.”

Representatives from Boston-based DraftKings, another industry leader, declined to comment after the meeting.

DraftKings, which recently retained former Massachusetts Attorney General Martha Coakley to serve as an outside legal adviser, has said it welcomes the state’s review.

Daily fantasy sports companies argue their games aren’t gambling but rather games of skill that are effectively exempt from the federal online gambling ban passed in 2006.

However, a memo by the commission’s staff released Thursday challenged that notion, noting that daily fantasy sports did not even exist when the ban was passed.

The 12-page memo concludes the legal status of the industry remains “in flux” and that the gaming commission would need specific legislative authority to regulate daily fantasy sports.

Stop Predatory Gambling, in a letter to the commission, argued that daily fantasy sports “meets all of the requirements of the fundamental definition of gambling” including wagering, cash prizes and “hazard or chance.”

Massachusetts is one of at least nine states looking into regulating fantasy websites.

Nevada's attorney general recently concluded daily fantasy sports companies constitute "sports pools" and "gambling games" and need a gambling license to operate.

Massachusetts Attorney General Maura Healey, who has been conducting her own review into the industry, has called Nevada's example a "reasonable suggestion and approach."

Copyright 2015 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.