

Associated Press

Fantasy sites raise concerns about Massachusetts regs

<http://www.whio.com/ap/ap/sports/fantasy-sites-raise-concerns-about-massachusetts-r/np3wW/>

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Updated: 4:51 p.m. Tuesday, Jan. 12, 2016 | Posted: 4:51 p.m. Tuesday, Jan. 12, 2016

BOSTON — Daily fantasy sports operators raised objections Tuesday to some of the regulations proposed for the online contests in Massachusetts, including a minimum 21-year-old age and restrictions on how much players can spend each month.

The rules were drafted by Attorney General Maura Healey, whose approach contrasted with her counterparts in New York and Illinois who have determined the fantasy sports sites such as Boston-based DraftKings and New York-based FanDuel constitute illegal gambling and moved to block them from operating in their states.

During a public hearing Tuesday on the proposed Massachusetts regulations, industry representatives said they appreciated Healey's goal of protecting consumers but expressed hope their concerns would be addressed before the rules take effect, likely within the next two months.

Some of the regulations were "redundant and unnecessary," and posed "solutions for problems that do not exist," said Griffin Finan, a lawyer for DraftKings.

Healey would bar people under 21 from participating in daily fantasy sports and place a \$1,000 per month limit on how much players can spend on the contests, with exceptions for those who can demonstrate sufficient income or assets to absorb potential losses.

Finan said DraftKings was already implementing policies that allowed consumers to self-exclude from the games or set their own limits on how much they were willing to deposit.

The company also objected to a ban on contests involving college sports proposed by Healey, a onetime Harvard University basketball star, and other provisions including a prohibition against multiple simultaneous logins by players under a single account.

Finan's concerns were largely shared by Peter Schoenke, chairman of the Fantasy Sports Trade Association, who argued that the age restriction for gamblers under 21 at casinos is tied to the presence of alcohol and should not be applied to online fantasy sports games. The operators believe the contests should be open to anyone 18 or older.

Schoenke told reporters after the hearing that while operators have issues with the regulations, they prefer the approach by states including Massachusetts, "where governments are trying to work with the industry and not against us."

Healey, a Democrat, did not attend the hearing but later issued a statement promising to review the comments.

"Our focus is on finalizing these strong regulations that will bring needed transparency to this industry and protect consumers, minors, and their families," she said.

Healey wants to introduce safeguards for less experienced fantasy sports players by requiring companies to offer beginner-only games — with a beginner defined as someone who has entered 50 or fewer contests. Conversely, highly-experienced players would have to be clearly identified on all contest platforms.

Daily fantasy sports critics have argued the lion's share of winnings go to a relative handful of highly-trained players who often access sophisticated computer programs and algorithms.

"Some of the most important consumer protections proposed in these regulations may be difficult if not technically impossible to enforce," said Mark Gottlieb, executive director of the Public Health Advocacy Institute at Northeastern University School of Law. "The institute contends that fantasy sports sites like DraftKings are in "clear violation" of Massachusetts law.

Schoenke said having too broad a ban on computer scripts would stifle innovation in the industry. Some players use the programs and algorithms to find and enter lineups, while other outside companies use them to collect information about the details of the games.

Les Bernal, national director of the group Stop Predatory Gambling, urged Healey in a letter to shut down the fantasy sports sites, writing that the proposed regulations would amount to the "biggest expansion of gambling in Massachusetts history."