

The Boston Globe

Proposed fantasy sports rules too strict, companies say

<http://www.bostonglobe.com/business/2016/01/12/fantasy-sports-companies-resist-some-regulations-while-some-public-urge-more-oversight/r3OFDoC3sFoJ20pMO0QnjM/story.htm>

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MICHAEL DWYER/ASSOCIATED PRESS

Peter Schoenke, chairman of the Fantasy Sports Trade Association, spoke after a hearing in Boston Tuesday. Schoenke had objected to some regulations proposed by Attorney General Maura Healey.

Fantasy sports companies objected to several of Massachusetts Attorney General Maura Healey's proposed regulations on their business at a hearing Tuesday, including one that would ban players under the age of 21.

“At 18 years old, you're old enough to vote in this country and make adult decisions,” Peter Schoenke, chairman of the industry's Fantasy Sports Trade Association, said at the public hearing, which was hosted by Healey's staff in Boston.

The group, which represents Boston-based DraftKings Inc., one of the largest daily fantasy sports companies, also criticized Healey's proposal to prevent them from offering games based on college sports.

The comments represented the industry's first detailed reaction — and criticism — of Healey's plan to impose a slate of regulations targeting fantasy sports. Healey and other Massachusetts officials have said state laws do not explicitly address the legality of the fantasy sports games. Instead, she unveiled in November a detailed list of rules aimed at protecting consumers while allowing the companies to continue offering their games in Massachusetts.

Much of Healey's focus is on protecting casual players, who make up the majority of contestants, from the small number of professionals who win the lion's share of prize money.



State panel urges rules for fantasy sports sites The Mass. Gaming Commission recommended that state lawmakers consider additional oversight of the industry.

Fantasy sports companies would also have to disclose in advertisements they run in Massachusetts how much money the average player wins or loses. They could not run ads aimed at minors and on college campuses.

The daily fantasy sports sector has been under increasing regulatory pressure around the country amid questions about whether its games amount to illegal gambling.

If adopted later this year, the Healey regulations would make Massachusetts the first state to establish specific conditions that would allow the daily fantasy sports business

to operate, in sharp contrast to New York, where that state's attorney general has sued to shut down DraftKings and its rival, FanDuel Inc., because he insists the companies are running illegal gambling operations.

In Massachusetts, some gambling opponents said Healey's regulations don't go far enough to protect people who might be susceptible to problem gambling, particularly the young men who make up the majority of daily fantasy sports customers.

One gambling opponent said the Massachusetts regulations would simply add a vast new field of online contests to lotteries, licensed casinos, and other state-endorsed forms of gambling.

"We are now opening Internet gambling into every living room, every bedroom, and every smartphone in Massachusetts," Les Bernal, director of the advocacy group Stop Predatory Gambling, said at the hearing.

Meanwhile, industry representatives said several of Healey's proposed regulations were too burdensome or restrictive, including a broad ban on software sophisticated players use to automatically generate and submit hundreds of lineups at one time in pursuit of bigger payoffs.

Griffin Finan, a lawyer representing DraftKings, said the company already has 50 people attempting to put many of Healey's regulations into effect.

"These are tough regulations that will have a significant effect on the industry and will be costly and complicated to implement," Finan said. "However, some of the proposed regulations are redundant and unnecessary."

Healey is taking comments from the public and industry until Jan. 22. Her office plans to finalize its decision on the regulations within the next few months. On Monday, the Massachusetts Gaming Commission released a report recommending state lawmakers clarify the legal issues surrounding the industry.

In written comments submitted before the hearing, some members of the public highlighted issues that are now familiar parts of the debate over daily fantasy. While praising Healey for not shutting down the games entirely, several commentators questioned why daily fantasy sports should have a higher age-threshold than the state's lottery.

Dale M. Rooney, who wrote that he was "way beyond 18 years old," said the age gap didn't make much sense in a world where young adults have a wide range of civic and financial responsibilities.

"Young people can sign loans for college at 18, they can go into the service or war at 18, they can play the Mass State Lottery at 18, even though the lottery is gambling," Rooney wrote.

Other commentators referred to the prevalence of professional, high-volume daily fantasy players who sometimes use sophisticated software to identify promising athletes and enter hundreds of individual lineups at a time.

"The average person has no hope of fair 'competition,'" wrote Andrew Ahern of Chelmsford. "I'm urging for the prosecution of all 'Daily Fantasy' providers for blatantly running organized gambling rings."

Philip Gambon of Dedham offered some detailed pointers that he said were based on a long career in the gambling industry, including 17 years as a sports bookmaker in Boston.

While calling daily fantasy sports "an interesting alternative to street bookies," Gambon wrote that DraftKings needs to ensure ordinary players aren't continually matched up against professional sharks.

"At its current pace, DraftKings will exhaust all street bettors in less than a year. They must realize this is the case. I believe they would be open to your proposal to limit the number of bets on each game," Gambon wrote.