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Bill could sideline season-long fantasy football in Virginia, open up state to online gambling

By Kimberly Pierceall

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Virginia's first-of-its-kind fantasy sports legislation aimed at regulating contests offered by sites like DraftKings and FanDuel could push out seasonlong fantasy contests and open the state to online gambling, critics say.

The bill doesn't mention the word "daily" and refers to "fantasy contests," without singling out sports.

Anti-gambling advocates and operators of seasonlong fantasy contests say the legislation is so broadly written that it should be amended or killed. Gov. Terry McAuliffe has until midnight to sign or veto it.

"It really puts us out of business in your state," said David Gerczak, co-founder of the high-stakes, seasonlong fantasy football site myffpc.com with Alex Kaganovsky. Gerczak said if operations like his are required to pay a \$50,000 initial fee to do business, he may stop offering contests to Virginians.

SB646, sponsored by state Sen. Ryan McDougle, R-Mechanicsville, would impose rules and a \$50,000 registration fee for fantasy contests, and it could provide the first test of a longtime federal law barring sports betting in most states.

The effort to lump seasonlong and daily fantasy sports together represents the first real rift between the two contests. Seasonlong fantasy sports have been around for decades and were carved out as an exemption in a 2006 federal law banning Internet gambling. Daily fantasy sports are a relatively new business model that's attracted legal scrutiny from the federal government and some states.

Gerczak and players say there's a big difference between the two, despite efforts by the daily fantasy sports industry to tie them together, arguing that it, too, is legal based on the federal exemption.

"They clearly have used seasonlong as cover," Kaganovsky said of the daily fantasy sports sites. "We feel we're being used."

He said their site, which offers games from \$35 up to \$10,000 with the chance to win \$300,000, has a few thousand players; he estimates 150 are in Virginia.

Richard Bilyew, a 56-year-old retired Marine master gunnery sergeant who lives in Stafford, works at Quantico and organizes his own football league every year for a \$25 entry fee, buying trophies for the winners and grilling hamburgers at get-togethers.

"I'm rubbing elbows with hundreds of Marines every day" who all play the seasonlong leagues, he said. "They're going to be stunned."

Bilyew has been entering myffpc.com's main event since 2008 with his son, buying in at \$1,500 to draft a team for the season. And when he wins, Virginia and the federal government have gotten taxes from it, he pointed out.

He said daily fantasy sports "doesn't satisfy the itch. It's just a lottery."

Gerczak, his co-founder, and four other seasonlong fantasy sports urged McAuliffe to change the law's name to "daily fantasy sports contest act" or make the fee requirement

less onerous for smaller businesses by basing it on revenue or the number of players in Virginia.

McAuliffe spokesman Brian Coy said Friday the governor is still reviewing the legislation and hasn't decided what action to take.

"The whole thing is a bridge to bring in online gambling," said Les Bernal, national director of the D.C.-based Stop Predatory Gambling group. "That's where they want to go with this. ... It's been willfully misrepresented to the people of Virginia."

McDougle has not responded to requests for comment about the legislation, which was the result of lobbying efforts by DraftKings and the Fantasy Sports Trade Association. DraftKings referred questions to the legislators who sponsored the House and Senate bills.

Bernal pointed to the bill's definition of "fantasy contests" as any "online fantasy or simulated game or contest" with an entry fee that offers a cash prize, takes skill to win and is won based on the "accumulated statistical results of the performance of individuals."

LegalSportsReport.com, a daily fantasy sports industry monitor, has suggested that picking winners at the Oscars could be called a contest under that description.

"The definition is broad enough, and it's written broadly on purpose, to fit almost anything," Bernal said. That could include betting on video game players, a growing industry in which spectators watch people play video game tournaments, he said.

Unikrn, a Seattle-based company that acts as a sports book for such events overseas, isn't interested in offering its bets in Virginia if the bill passes.

“I never want to run my business on a loophole,” said CEO Rahul Sood. “The minute you start taking bets on a loophole, when you’ve got federal laws and local laws, I don’t feel comfortable.”

He said he’s waiting until sports betting is legalized federally, and bills like Virginia’s are one step toward that end.

“Only in the U.S. can you take a word like gambling and turn it into fantasy,” said Sood.