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Daily fantasy sports allowed to resume immediately in New York

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ALBANY – State regulators Monday approved the resumption of daily fantasy sports wagering in New York, nine months after companies began shutting down as they dealt with a legal challenge over whether their contests are illegal forms of betting.

The New York State Gaming Commission on Monday afternoon sent letters to five companies – industry giants DraftKings and FanDuel, along with Yahoo, Fantasy Draft and Draft – notifying them they could immediately begin offering daily fantasy sports contests.

The agency issued the firms temporary operating permits while it drafts regulations based on a bill approved by lawmakers in June and signed into law earlier this month by Gov. Andrew M. Cuomo.

The state agency has spent the last several weeks ensuring that fantasy sports companies complied with various aspects of the new law, including new consumer safeguards and – for Albany – the payment of taxes on betting revenues received in New York State.

“While the commission continues work on formal regulations for these games, these temporary permits get companies up and running in New York State while assuring resident players that safeguards are in place,” Gaming Commission executive director Robert Williams said in a statement.

The industry last fall came under fire from State Attorney General Eric T. Schneiderman, who issued cease and desist orders against DraftKings and FanDuel; he said the contests amount to illegal games of chance.

A truce in the legal wrangling came in March, when both Boston-based DraftKings and Manhattan-based FanDuel agreed to stop offering contests in the state.

In return, Schneiderman gave the industry time to try to convince the Legislature and Cuomo to make the games legal under New York law.

In June, the Senate and Assembly, in the face of opposition from anti-gambling advocates and the brick-and-mortar casino industry, defined the daily fantasy sports contests as legal “games of skill,” and placed new restrictions – plus imposition of taxes – on the companies.

The Gaming Commission can only give permits to companies that were in business in the state prior to last Nov. 10, when Schneiderman issued his shut-down order.

Fantasy sports companies have been scrambling to restart before the season opens for their most lucrative pro sport: the National Football League.

The temporary permits expire 90 days after the state finalizes rules to regulate the industry; when that occurs is unknown.

Also, the legal fight is not necessarily over. Stop Predatory Gambling, a national anti-gambling organization, has been raising funds the last several weeks to possibly commence a lawsuit to try to overturn the new law.

Critics say the Legislature and Cuomo do not have the legal authority to define what kind of gambling is permitted in New York; they maintain that such authority is derived only through a change in the state Constitution, as was done for the commercial casino industry via a statewide referendum in 2013.