

MONTANA TAVERN TIMES

Fantasy Sports Leagues - June 1, 2012

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The last section of Gambling statute (Title 23, Chapter 5, MCA) is Part 8 – Fantasy Sports Leagues. Because Fantasy Sports Leagues can be administered in many different manners, I would first like to review a few items.

As defined in statute, there are three basic components of gambling: **Consideration** (paying something of value), **Chance** (the activity), and **Reward** (prize). If one of the three components is missing, it is not considered gambling and the division does not regulate it.

There is a distinction between public gambling and a small group of friends or family participating in social activities in a private residential setting. The Division predominantly focuses its attention on public gambling which is defined in statute as gambling conducted in:

- A place, building, or conveyance to which the public has access or may be permitted to have access;
- A place of public resort, including but not limited to a facility owned, managed, or operated by a partnership, corporation, association, club, fraternal order, or society, including a religious or charitable organization; or
- A place, building, or conveyance to which the public does not have access if the players are publicly solicited or the gambling activity is conducted in a predominantly commercial manner.

That being said, this article will focus on publicly ran fantasy sports leagues. A fantasy sports league consists of a limited number of persons or groups of persons who pay an entrance fee for membership in the league. Each league member creates a fictitious team composed of athletes from a given professional sport, such as baseball, basketball, or football. Player selection is conducted through random drawings, a bidding process, or by selection from a roster. After initial teams are selected, replacement of players may occur by trade or purchase. A method (defined by league rules) is devised to permit each team to compete against other teams in the league. Points are awarded to a team according to the performance of individual players or teams or both during a designated time period. Payouts (cash or prizes) based on points accumulated are awarded according to league rules.

A few things to note:

- A representative of each member of the fantasy sports league must be present to initially select team players and to trade or purchase replacement players.
- Players for initial teams must be selected through a random drawing or competitive bidding process.

- An entrance fee and any administrative fee must be paid in cash at the time a member joins the league. A transaction fee must be paid in cash at the time the trade or purchase of a replacement player is made.
- A transaction fee may be charged for the replacement of players (by trade or purchase), but may not exceed the total entrance fee.
- The total value of payouts to all league members must equal the amount collected for entrance, administrative, and transaction fees, minus payment for administrative expenses.
- Administrative fee may not be more than 15% of the entrance fee.
- It is unlawful to wager on a fantasy sports league by telephone or by the Internet.

A copy of the fantasy sports league rules and information must be provided in writing to each member in the league and the rules must include:

- Name, address, and phone number of the person or organization conducting the league;
- Amount charged for entrance, administrative, and transaction fees;
- Name of the professional sport and teams on which the league is based;
- Size of a member's team roster;
- Method used to select players;
- Method for awarding points to a team based on the performance of individual players, teams, or both during a designated period; and
- Anticipated prizes to be awarded.

An organization or individual conducting a fantasy sports league must retain the following records for one year after the league winners are determined:

- Name and address of each individual who participated as a member in the league;
- Total amount collected for entrance, administrative, and transaction fees (separated by type);
- Proof of the purchase price of any merchandise prize awarded; and
- A list of the prizes awarded at the conclusion of the league season including:
 - The amount of each prize;
 - The name of the member awarded each prize; and

- The total value of the payout of the fantasy league.

As a final reminder, there is a difference between fantasy sports leagues and sports betting. Betting or wagering on the outcome of an individual sports event is strictly prohibited.

For any questions or more information on fantasy sports leagues, please call the Gambling Control Division at (406) 444-1971 or email gcd@mt.gov. (References: 23-5-801 through 23-5-810, MCA; 23.16.3201 through 23.16.3205, ARM)