

Fantasy Industry Open To Federal Regulations

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Fantasy sports operators are willing to cooperate with Congress in establishing consumer protection guidelines, an industry trade group's executive told a House subcommittee on Wednesday.

"We'll work with just about anybody that wants to help us figure this out," said Steve Brubaker, executive director of the Small Business of Fantasy Sports Trade Association.

"If that's the federal government, we'll do that. If it's going state to state, that's a much harder path for us to go down," Brubaker said.

By including an exemption for fantasy sports in the [Unlawful Internet Gambling Enforcement Act](#) (UIGEA) of 2006, Congress gave the industry a green light to offer season-long fantasy sports online, Brubaker said.

"So we have companies that are relying on you guys," Brubaker told the House Energy and Commerce Subcommittee on Commerce, Manufacturing and Trade.

"Now, we have states that are coming in and changing the game."

For example, Virginia and Indiana charge fantasy sports operators a \$50,000 annual fee, Brubaker said.

"None of the small (fantasy) companies make \$50,000 in those states," he said.

A federal regulatory scheme for fantasy sports may be less burdensome, according to Brubaker.



"I don't think you'll hear any daily fantasy sports company or season long fantasy sports company balk at consumer protections as long as they're done in a way that is financially viable to stay in business," said Steve Brubaker, executive director of the Small Business of Fantasy Sports Trade Association.

Brubaker was responding to a question from New Jersey Congressman [Frank Pallone](#), the ranking Democrat on the House Energy and Commerce Committee, who asked if he supported “federal involvement” in the regulation of fantasy sports.

A strong supporter of the legalization and regulation of sports betting, Pallone has said daily fantasy sports should be treated the same way and seemed encouraged by Brubaker’s comments.

Ryan Rodenberg, an assistant professor of sports law analytics at Florida State University, agreed with Pallone.

“I believe any substantive discussion of daily fantasy sports must take place in the context of the simultaneous examination of traditional sports wagering,” Rodenberg told the subcommittee.

Pallone, who was largely responsible for Wednesday’s nearly two-hour hearing, repeatedly complained about the absence of officials from [DraftKings and FanDuel](#), who declined the subcommittee’s invitation to testify.

“I must also mention the hypocrisy of those arguing that daily fantasy sports is readily distinguishable from traditional sports betting while quietly applying for and receiving gambling licenses in the United Kingdom,” Pallone said in his opening statement.

Pallone pressed Peter Schoenke, the chairman of the Fantasy Sports Trade Association who represented DraftKings and FanDuel at Wednesday’s hearing, to explain why the industry is willing to acknowledge fantasy sports is gambling in the UK, but not the U.S.

“The laws of the United States are very different than the laws of the United Kingdom,” Schoenke said.

Games of skill like daily fantasy sports are considered gambling in the UK but not in the United States, Schoenke said.

“It sounds like the difference is that in one country they have a lot of smart lawyers or lobbyists that are, you know, defining things in one way and in the other (country), they’re not,” Pallone said.

Pallone also took a shot at the nation’s four major sports leagues during the hearing titled “Daily Fantasy Sports: Issues and Perspectives,” which he said are “reaping huge profits from their partnerships with daily fantasy sports.”

“Most (leagues) remain stubbornly opposed to sports betting on the grounds that their players could become involved in gambling and organized crime if it were legalized,” Pallone said.

“Yet an estimated \$400bn is spent annually in the United States on sports betting and 99 percent is illegal and functions almost exclusively through organized crime.”

The subcommittee includes 20 members of the House, but no more than eight appeared at the same

time during Wednesday's hearing.

Republican Markwayne Mullin of Oklahoma joked the subcommittee's interest in daily fantasy sports did not seem to match that of the packed audience of about 100 people and those waiting outside to get into the hearing room.

Democrat Dina Titus, who represents Las Vegas, is not a member of the subcommittee but was allowed to sit with subcommittee members during the hearing. Titus did not speak or ask any questions.

