

General Law Committee

Testimony of Sarah Koch, Assistant Director of Government Affairs for DraftKings

IN SUPPORT OF

Raised Bill No. 192 AN ACT CONCERNING DAILY FANTASY SPORTS

Co-Chairman Leone, Co-Chairman Baram, and members of the committee,

My name is Sarah Koch, and I am Assistant Director of Government Affairs at DraftKings, a New-England based daily fantasy sports company. Since 2012, DraftKings has offered a platform for sports lovers to challenge each other to test their skill and knowledge in a secure, fun, and competitive environment. We at DraftKings know that our customers' trust is our most valuable asset, and for that reason we strongly support the concepts and regulatory framework laid out in the Act Concerning Fantasy Sports. However, we do have some amendments that we would like to discuss with the committee that will provide stronger protections for consumers and a higher degree of legal certainty for operators.

First, while the bill delegates authority to the Commissioner of Consumer Protection to issue regulations, we believe that certain protections should be written into the law itself. A number of other states are considering bills that have used this approach, and we would be glad to provide that language for your consideration.

Second, we propose removing "finishing position of one or more individual participants" from the fantasy contest definition. This language may unintentionally open the door to sports betting. We can provide language that ensures that fantasy sports competitions are based solely on statistics and not outcome or finishing position. Furthermore, although the defined term in the bill is "daily fantasy sports," the current definition covers all fantasy contests, including season-long. By removing the word "daily," the law would provide legal clarity for all fantasy sports encompassed by the definition.

Third, while the bill specifies that fantasy contests are not "contests of chance," that phrase does not appear elsewhere in the Connecticut general statutes. In order to clarify the legal status of fantasy contests, we would suggest clarifying that fantasy sports do not constitute gambling under the applicable penal code.

Fourth, the bill currently defers to the Commissioner of Consumer Protection to make the determination as to whether a game is one of skill or chance. We believe this should be determined by the legislature and clarified in the law.

Fifth we would like to see the age restriction dropped from 21 to 18, the age of majority in Connecticut.

Lastly, in addition to creating a consumer protection framework in statute as opposed to through a rule making process, we have some suggestions for strengthening the provisions on protecting player funds, protecting the integrity of fantasy sports contests and protection for addictive or compulsive playing.

We also suggest requiring companies to conduct a third party audit to submit to the Department for review, adding a civil fine of \$1,000 for non-compliance with this statute, and a registration fee of \$10,000, with a sliding scale to ensure that small operators are not paying more than 10% of their Connecticut of revenue in fees.

Thank you for the opportunity to speak today in support of Bill No. 192. I urge you to adopt these measures in order to provide consumer protections and legal certainty for the hundreds of thousands of Connecticut residents who are already participating in fantasy contests.