
OLR Bill Analysis

sHB 6512

AN ACT CONCERNING CONSUMER PROTECTIONS FOR SPORTS WAGERING.

SUMMARY

This bill regulates sports wagering contingent upon it becoming legal in the state. The bill expressly provides that its sports wagering provisions are not effective until (1) sports wagering outside of Indian lands is permitted under the general statutes or a public or special act and (2) the Department of Consumer Protection (DCP) commissioner adopts specific regulations required by the bill.

Under the bill, “sports wagering” means risking or accepting money, credit, deposit, or other thing of value for gain contingent in whole or in part on (1) a sporting event or a portion of a sporting event, or (2) the individual performance statistics of an athlete in a sporting event or a combination of sporting events. It specifically excludes paying an entry fee to play fantasy contests as defined in state law.

The bill includes provisions restricting who may wager on sports and places a number of requirements on sports wagering operators including (1) requiring information in advertising for people who have problems with gambling and (2) data security and confidentiality requirements. It also requires operators to report to DCP, among other things, any criminal proceedings against them or their employees and information related to abnormal or illegal wagering activities.

The bill also requires DCP to hire a consultant to study the Connecticut Lottery Corporation (CLC) and issue recommendations. It also eliminates a requirement that DCP adopt regulations to regulate wagering on sporting events to the extent permitted by state and federal law (CGS § 12-565a).

EFFECTIVE DATE: Upon passage

RESTRICTIONS ON WAGERS

The bill places several restrictions on who may place a sports wager and the circumstances for doing so. Specifically, the bill prohibits:

1. anyone from placing a wager unless he or she is at least age 21 and physically present in the state when placing the wager;
2. sports wagering and electronic wagering platform operators, their officers, directors, owners, and employees able to influence their operations, as well as their family members who reside with them, from placing any wager with the operator;
3. (a) athletes, coaches, and referees who take part in a sporting event overseen by a sports governing body; (b) a sports governing body's employees holding positions of influence over sporting events; (c) owners and employees of a sport governing body's member teams; and (d) bargaining unit personnel of a sports governing body's athletes or referees from placing a wager on any sporting event overseen by the sports governing body or holding an ownership interest in or exerting control over any sports wager operator;
4. anyone with access to nonpublic, confidential information that could affect a sporting event's outcome from placing a wager on that event;
5. anyone from placing a wager as an agent or a proxy for another; and
6. an operator from paying a prize to anyone the operator knows is prohibited from placing a wager based on the above restrictions.

The bill defines a "sports governing body" as an organization that prescribes final rules and enforces codes of conduct with respect to a sporting event and its participants. Additionally, a "sporting event"

means any sporting or athletic event (1) where two or more people participate and receive compensation in excess of actual expenses for their participation or (2) sponsored by an intercollegiate athletic program of an institution of higher education. It also includes e-sports but excludes horse racing and any minor league or high school-sponsored sporting or athletic event.

REQUIREMENTS FOR SPORTS WAGERING OPERATORS

General Responsibilities

The bill requires each sports wagering operator to:

1. verify that anyone placing a wager through an electronic wagering platform is not prohibited from doing so based on the above restrictions (including by using any information known by an operator, such as lists provided by relevant sports governing bodies or DCP);
2. establish commercially and technologically reasonable measures to verify identities and prohibit individuals from establishing more than one account;
3. allow individuals to withdraw funds from their accounts and to permanently close them upon their request;
4. publish all contractual terms, conditions, and rules applicable to online wagering through the operator's website or mobile application and in-person wagering at the operator's facilities; and
5. develop and publish procedures allowing individuals to file complaints with the operator in person, in writing, online, or by other means about any aspect of the operator's sports wagering.

Online Displays and Required Information in Advertising

Additionally, operators conducting online sports wagering must conspicuously display on their website or mobile application:

1. links to (a) the protections afforded to them under the bill (the

- bill is not clear what exactly these are), (b) responsible gambling information, and (c) information about the self-exclusion process that operators must provide (see below);
2. a toll-free telephone number for obtaining problem gambling information;
 3. a clear display or periodic pop-up message of the amount of time an individual has spent on the operator's website or mobile application;
 4. a means to initiate a break in play to discourage excessive play; and
 5. a clear display of the amount of money available in individuals' accounts.

Under the bill, sports wagering advertisements must include information on available assistance for people who have, or are at risk of having, problems with gambling. Relatedly, advertisements must not:

1. depict someone younger than age 21, unless that person is a professional athlete or a collegiate athlete who, pursuant to an agreement with the advertiser, is able to profit from the use of his or her name and likeness;
2. be aimed exclusively or primarily at individuals younger than age 21;
3. promote irresponsible or excessive participation in sports wagering; or
4. misrepresent the chances of winning or be misleading about sports wagering outcomes.

Data Security and Confidentiality

The bill also requires operators to maintain the security of wagering data, data on individuals placing wagers, and other confidential

information to prevent unauthorized access to, and dissemination of, that data and information. Operators must not (1) disclose or sell any individual's wagering information and (2) disclose records that directly or indirectly identify an individual or his or her gambling habits. However, operators must regularly share their wager records, at the account level and in pseudonymous form, with DCP.

Responsible Gaming Policy

Under the bill, each operator must develop and publish a responsible gaming policy that, at a minimum, must require the operator to:

1. track its wagering activity at the account level;
2. provide training to employees to allow them to identify wagerers who have problems with gambling; and
3. provide guidelines on how employees can respond appropriately to an individual who (a) is in crisis or distress due to problem gambling, (b) discloses that he or she may have a problem with gambling, and (c) shares information about another individual who may have a problem with gambling.

Self-Exclusion and Limitation Processes

The bill requires operators to allow any individual for a period of time, presumably at the individual's direction, to (1) exclude himself or herself from placing a wager or (2) limit the amount of money he or she may use to place wagers with the operator. Once an operator is notified about an individual's exclusion or limit, the operator must take reasonable steps to prevent that person from placing a wager or exceeding his or her limit.

While an exclusion or limit is in place, an operator may, at the individual's request, extend the time period of his or her exclusion or limit or decrease the amount of the limit. An operator may not, presumably independently, reduce the time period of an exclusion or limit or increase the amount of a limit.

Under the bill, operators must (1) publish information on how an individual may exclude him or herself from betting or limit the amount of money he or she bets and (2) conspicuously display that information at any facility where they conduct in-person wagers and on their websites or mobile applications if they conduct online wagers.

Reporting to DCP

Under the bill, operators must immediately report to the DCP commissioner any information relating to:

1. criminal or disciplinary proceedings commenced against them or their employees in connection with their operations;
2. abnormal wagering activity or patterns that may indicate a concern with a sporting event's integrity;
3. any other conduct that corrupts a sporting event's wagering outcome for financial gain, including match-fixing; and
4. suspicious or illegal wagering activities, including using funds derived from illegal activity to place a wager, placing a wager to conceal funds derived from illegal activity, using an agent or a proxy to place a wager, or using false identification to place a wager.

Other Requirements

The bill expressly prohibits operators from requiring an individual to waive, as a condition for placing a wager, (1) any of the bill's provisions regulating sports wagering or (2) the rights to pursue legal action or file a complaint with DCP. Lastly, operators must take reasonable steps to prevent the conduct prohibited by the bill's provisions regulating sports wagering and to comply with any regulations adopted by DCP (see below).

ACTIONS BY DCP

The bill authorizes the DCP commissioner to share with relevant sports governing bodies any information it receives on abnormal wagering activity or patterns and any other conduct that corrupts a

sporting event's wagering outcome.

The bill also requires the DCP commissioner to adopt regulations, including emergency regulations (see BACKGROUND), to implement the bill's provisions and protect the public interest in the integrity of sports wagering and reduce the dangers of unsuitable, unfair, or illegal practices, methods, and activities in the conduct of sports wagering. The regulations must include or address:

1. the types of sporting events that may be wagered on;
2. the minimum amount of cash reserves sports wagering operators must maintain;
3. the acceptance of wagers on a series of sporting events;
4. the maximum wagers acceptable from an individual on any one sporting event;
5. the type of wagering tickets that must be used;
6. the method of issuing tickets;
7. minimum accounting standards for operators;
8. the types of records an operator must maintain and make available for inspection upon the commissioner's request;
9. requirements for information and reports from operators to enable effective auditing;
10. requirements for establishing and funding a sports wagering account;
11. minimum qualifications for a provider of sporting events data;
12. minimum requirements to ensure the security and integrity of an electronic wagering platform and collection of information and reports to enable effective oversight;

13. the regular sharing of account level records with DCP;
14. displays and messages on an operator's sports wagering website or mobile application aimed at combatting problem gambling; and
15. the advertising of sports betting, including ensuring compliance with the bill's above advertising requirements and requiring information on gambling addiction or links to websites with resources related to gambling addiction be included.

CLC STUDY

By October 1, 2021, DCP must issue a request for proposals for a consultant to study CLC. Under the bill, this study must examine (1) CLC's organizational structure, operations, and finances and (2) the regulatory relationship between the corporation, its board of directors, and DCP.

In selecting a consultant, the bill requires DCP to give preference to respondents who have:

1. a demonstrated understanding of how laws and regulations affect corporate culture and operations;
2. experience in creating and maintaining a business culture that ensures regulatory compliance, including an understanding of how corporate managers and board members can use different strategies to encourage such a culture;
3. familiarity with lottery operations; and
4. experience analyzing business management and operational structures, including an ability to assess a corporation's financial commitment to staff development, security, and technological safeguards and innovation.

The consultant must submit a report of recommendations to DCP, CLC, and the Public Safety and Security Committee by October 1, 2022.

Under the bill, the report may include recommendations to:

1. improve the security and integrity of lottery games and any other forms of gaming conducted by CLC;
2. create a culture within CLC that encourages compliance with the law governing it and its activities;
3. promote transparency and accountability to the public in the CLC's operations and activities;
4. improve CLC's internal operations, in order to enhance revenue, promote innovation, appropriately invest in staff development, and focus on technological enhancements, security and gaming integrity, and customer service;
5. use metrics to regularly review the performance of the CLC's president and other executive staff to promote transparency, improved communications, customer service, and regulatory compliance in its operations;
6. strengthen and improve the regulatory oversight of DCP;
7. strengthen communication and transparency between CLC, its board, and DCP; and
8. develop a strategic plan focusing on CLC's internal operations, investment in technology and system security, revenue growth, customer service, relationships with lottery retailers, portfolio of gaming activities, responsible gambling education and outreach, innovation, gaming integrity, and regulatory compliance.

BACKGROUND

Emergency Regulations

By law, an agency may adopt an emergency regulation either without prior notice and hearing or with an abbreviated notice and hearing process. The regulation is effective for up to 180 days from the date it is approved and posted online, with limited exceptions.

Regulations, including emergency regulations, are generally effective when the secretary of the state posts them on the eRegulations system (CGS § 4-168).

Related Bills

sHB 6451, reported favorably by the Public Safety and Security Committee, among other things, establishes or modifies current frameworks for legalizing and regulating (1) online sports wagering, (2) retail sports wagering (i.e., wagering while physically present at a facility), (3) online casino gaming, (4) online keno, (5) online lottery draw games other than keno, and (6) fantasy contests.

sSB 146, reported favorably by the Public Safety and Security Committee, among other things, expands (1) grants to municipalities from the Mashantucket Pequot and Mohegan Fund and (2) funding for the state’s debt-free community college program. These expansions are contingent on the legalization of and revenue generated from, respectively, (1) sports wagering and online casino gaming outside of Indian lands and (2) online lottery draw games.

sSB 570, reported favorably by the Public Safety and Security Committee, contains many of the same provisions in this bill, sSB 146, and sHB 6451 but also (1) authorizes a request for proposals to establish a casino gaming facility in Bridgeport, (2) requires that online casino gaming or sports wagering equipment must be in a facility located in Bridgeport, and (3) prevents the tribes from using a third-party vendor to operate their skins for online sports wagering and casino gaming unless the legislature approves the contract.

COMMITTEE ACTION

Public Safety and Security Committee

Joint Favorable Substitute

Yea 23 Nay 1 (03/24/2021)