

TALKING POINTS on FANTASY SPORTS

March 1, 2016

- **Background:** Fantasy sports are contests in which participants assemble imaginary teams comprised of real players from professional sports and compete based on the statistical performance of the real players. Traditional fantasy sports leagues are season-long, but recently contests have been offered that are as short as one day. Both free and fee-based contests are available and prizes have topped \$1 million. Partners and investors in companies offering fantasy sports contests include sports leagues, professional teams and their owners, as well as large public and private companies. Of the estimated 55 million fantasy sports participants in 2015 approximately 16 million competed in daily fantasy contests, with entry fees topping \$2.5 billion.
- **Legal:** While the federal Unlawful Internet Gaming Enforcement Act (UIGEA) provides a limited exemption for some fantasy sports contests, other Federal and state gambling laws may still apply. As of today, 12 states have declared fantasy sports wagering meet their definitions of gambling and are therefore prohibited unless legalized. Currently, only New Jersey has enacted fantasy sports regulations, but no operators have applied. NCPG does not take a position on whether fantasy sports contests are, or should be, legal.
- **Skill:** While there is skill involved in playing fantasy sports contests, the outcome includes significant chance due to highly-variable player performance in real-world situations. Most gambling (blackjack, poker, horse racing, etc.) involves skill and chance as well. Fantasy sports contests that include an entry fee, chance and monetary prizes meet practical definitions of gambling.
- **Addiction:** Our concerns are based on 5 major areas:
 - **Player Demographics:** Fantasy Sports players are frequently described as predominantly young, male, sports enthusiasts and likely to gamble. Each of these groups is known to be at higher risk for gambling addiction.
 - **Game Characteristics:** Game characteristics associated with higher risk for addiction are high frequency of contests, large number of entries per contest, high entry fees, larger and more frequent payouts.
 - **Scientific Research:** The few published studies to date show that daily fantasy sports players are more likely to have gambling problems than non-players.

- **Prevalence of Addiction:** If DFS players' rates of gambling addiction are the same as the general population (which is unlikely as argued above), an estimated 2% or 320,000 of the 16 million people would likely meet criteria for gambling problems in a given year.
- **State Legislation:** The majority of bills introduced at the state level to "regulate" fantasy sports include little if any consumer protection features.

Therefore, NCPG believes:

- Fantasy sports contest participants are at higher risk relative to the general public to develop gambling problems for five major reasons: demographics of players, characteristics of the contests, published scientific research, guidance from Gamblers Anonymous and our direct experience with actual clinical cases.
- Operators, regulators and legislators must incorporate consumer protection into fantasy sports operations. The NCPG adopted our Resolution on Fantasy Sports on October 8, 2015, Fantasy Sports Consumer Protection Guidelines on December 4, 2015 and developed the CARE Responsible Play Guidelines for Fantasy Sports Legislation in February 2016 to provide guidance to all stakeholders.
- Adequate consumer protection **at a minimum** includes consumer protection, age & ID verification, responsible play and self-exclusion programs as well as funds to support gambling addiction prevention and treatment services.
- **About NCPG:** Our mission is to lead state and national stakeholders in the development of comprehensive policies and programs for all those affected by problem gambling. NCPG is neither for nor against legalized gambling.