

1 Title 36 MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY

2 Subtitle 09 ONLINE FANTASY COMPETITION

3 Chapter 01 Fantasy Competition

4 Authority: State Government Article, §9-1D-01, Annotated Code of Maryland

5 .01 - .05. (text unchanged)

6 **.06 Self Exclusion.**

7 A. An individual may request exclusion from entering a fantasy competition by submitting to the fantasy  
8 competition operator a self-exclusion request using a self-exclusion tool provided by the operator on its  
9 website;

10 ~~\_\_\_\_\_ (1) Completed Commission-approved self-exclusion request; or~~

11 ~~(2) Notarized self-exclusion request.~~

12 B. If an individual requests exclusion, ~~the~~ the fantasy competition operator shall take reasonable measures to  
13 prevent that individual from entering a fantasy competition.

14 **.07 Limits on Deposits.**

15 A. This regulation does not apply to season-long fantasy competitions.

16 B. Except as provided in ~~§BC~~ §BC of this regulation, a fantasy competition player ~~is prohibited from~~ may not  
17 depositing more than ~~\$1,000~~ \$5,000 in a single calendar month with a fantasy competition operator; ~~and~~

18 ~~BC.~~ BC. Exception. A fantasy competition player may request a fantasy competition operator to temporarily or  
19 permanently increase a deposit limit above ~~\$1,000~~ \$5,000 per calendar month only if:

20 (1) The fantasy competition operator has established and prominently published procedures for considering a  
21 request from a fantasy competition player to increase the deposit level;

22 (2) Procedures for considering a request from a fantasy competition player to increase a deposit level include  
23 evaluation of information, including evidence of income or assets, sufficient to confirm the financial ability of a  
24 fantasy competition player to afford losses which may result from fantasy competition play at the deposit level  
25 requested by the fantasy competition player; and  
26

27 (3) After a temporary or permanent deposit level increase has been approved, the fantasy competition player  
28 undergoes an annual evaluation by the fantasy competition operator of information sufficient to confirm the

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For June 27, 2019 Commission Meeting

This revised subtitle addresses industry concerns raised following the release of the new regulation, and addresses some stylistic errors.

1 continued financial ability of the fantasy competition player to afford losses that may result from fantasy  
2 competition play at the increased deposit level.

3 **.08** (text unchanged)

4 **.09 Prohibition on Fantasy Competitions Based on Amateur Sports.**

5 A fantasy competition operator may not offer a fantasy competition **based on a sporting event featuring**  
6 **amateur athletes who are primarily under 19 years old.** ~~that includes:~~

7 ~~A. Amateur sporting events;~~

8

9 ~~B. College sporting events;~~

10

11 ~~C. High school sporting events; or~~

12

13 ~~D. Student sporting events.~~

14 **.10** (text unchanged)

15 **.11 Financial Account Protections.**

16 ~~A. A fantasy competition operator that conducts competitions that require an entry fee shall create segregated~~  
17 ~~accounts separating player funds from operational funds and maintain a reserve in the form of cash, cash~~  
18 ~~equivalents, an irrevocable letter of credit, a bond, or a combination thereof in an amount sufficient to pay all prizes~~  
19 ~~offered to winning fantasy competition players.~~

20 **A fantasy competition operator shall hold a fantasy competition player's funds:**

21 **(1) In a segregated account that separates player funds from the operational funds of the operator; or**

22 **(2) In a special purpose, segregated account that is maintained and controlled by a properly constituted**  
23 **corporate entity that:**

24

25 (a) **Is not the fantasy competition operator,**

26

27 (b) **Whose governing board includes one or more corporate directors who are independent of**  
28 **the operator and of any corporation related to or controlled by the operator,**

29

30 (c) **Requires a unanimous vote of all corporate directors to file for bankruptcy;**

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32 (d) **Has articles of incorporation that prohibit commingling of player funds with those of the**  
33 **operator, except as necessary to reconcile the accounts of players with sums owed to the**  
34 **operator by those players,**

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- 1 (e) Is restricted from incurring debt other than to players pursuant to the operator's rules  
2 governing the accounts of its players.  
3  
4 (f) Is restricted from taking on obligations of the operator other than obligations to its players  
5 pursuant to the operator's rules governing the accounts of its players; and  
6  
7 (g) Other than a special purpose corporate entity established by another operator that meets the  
8 requirements of this subtitle, may not dissolve, merge, or consolidate with another company  
9 while there are unsatisfied obligations to players.

10 B. (text unchanged)

11 **.12** (text unchanged)

12 **.13 Financial Auditing.**

13 A. A fantasy competition operator that conducts competitions that require an entry fee and that generates gross  
14 annual revenues of \$250,000 or more shall have a financial audit performed annually by a certified public  
15 accountant ~~that~~.

16 **B. The certified public accounting firm that conducts the financial audit shall:**

17 (1) ~~Complies~~ **Comply** with generally accepted accounting principles; and

18 (2) ~~Is submitted to the Agency~~ **Submit the financial audit report to the Commission** within ~~90~~ **180** days of  
19 the operator's fiscal year end.

20 ~~B.C.~~ The financial audit does not preclude any State or federal agency from conducting an audit of a fantasy  
21 competition operator.

22 ~~C.D.~~ (1). The same certified public accountant may not perform more than ~~two~~ **three** consecutive financial audits  
23 for a fantasy competition operator **unless:**

24 (a) **The operator requests and obtains preapproval of the Commission, and**

25 (b) **A different audit partner manages the audit after three years.**

26 (2) **If** a different audit partner cannot be assigned, a fantasy competition operator shall advise the Agency prior  
27 to beginning of the audit.  
28

29 **E. If the Commission deems it necessary, the Commission may require a fantasy competition operator that**  
30 **is not otherwise required by §A of this Regulation to have a financial audit performed by a certified public**  
31 **accountant.**  
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34 **.14 - .15** (text unchanged)

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