

FANTASY CONTESTS CONSUMER PROTECTION ACT (EXCERPT)
Act 157 of 2019

432.503 Fantasy contest operator license; exception; application; fee.

Sec. 3. (1) Except as otherwise provided in this section, a person shall not offer fantasy contests in this state unless the person is a licensed fantasy contest operator.

(2) An individual may offer, solely from his or her private residence, 1 or more fantasy contests, if none of the contests are made available to the general public, each of the contests is limited to no more than 15 total fantasy contest players, and the individual collects no more than \$10,000.00 in total entry fees for all fantasy contests offered in a calendar year, at least 95% of which entry fees are awarded to the fantasy contest players.

(3) A person that met the definition of fantasy contest operator in this state on May 1, 2018 may continue offering fantasy contests until the fantasy contest operator is issued or denied a license under this act if the person applies for a license within 60 days after the date the application for the license is made available by the board.

(4) Both of the following may offer and conduct fantasy contests without applying for or holding a license under this act:

(a) A casino licensee licensed by the board under the Michigan Gaming Control and Revenue Act, 1996 IL 1, MCL 432.201 to 432.226.

(b) An Indian tribe that lawfully conducts class III gaming in a casino located in this state under a facility license issued in accordance with a tribal gaming ordinance approved by the chair of the National Indian Gaming Commission and is licensed under the lawful sports betting act or the lawful internet gaming act. As used in this subdivision, "class III gaming" means that term as defined in 25 USC 2703.

(5) To ensure the integrity of fantasy contests, the board has jurisdiction over each person involved in the conduct of a fantasy contest. The board may promulgate rules related to the conduct of fantasy contests, including rules setting forth penalties for violations of this act or any rules promulgated under this act.

(6) A person seeking to be licensed as a fantasy contest operator shall submit an application, with the license fee under subsection (9), to the board. The applicant shall provide sufficient documentation to the board to ensure that the applicant meets the requirements for licensure as determined by the board, including, but not limited to, documentation of all of the following:

(a) The name of the applicant.

(b) The location of the applicant's principal place of business.

(c) The applicant's telephone number.

(d) The applicant's Social Security number or, if applicable, the applicant's federal tax identification number.

(e) The name and address of each person that holds a 5% or greater ownership interest in the applicant or in shares of the applicant.

(f) The applicant's criminal record, if any, or, if the applicant is a business entity, any criminal record of an individual who is a director, officer, or key employee of, or who has a 5% or greater ownership interest in, the applicant.

(g) Any ownership interest that a director, officer, key employee, or individual owner of 5% or greater of the applicant holds in a person that is or was a fantasy contest operator or similar entity in any jurisdiction.

(h) An identification of any business, including, if applicable, the state of incorporation or registration, in which an applicant, director, officer, key employee, or individual owner of 5% or greater, has an equity interest of 5% or more.

(i) Whether an applicant, director, officer, key employee, or individual owner of 5% or greater has ever applied for or been granted any license, registration, or certificate issued by a licensing authority in this state or any other jurisdiction.

(j) Whether an applicant, director, officer, key employee, or individual owner of 5% or greater has filed, or been served with, a complaint or other notice filed by a public body regarding the delinquency in payment of, or dispute over filings concerning, the payment of any tax required under federal, state, or local law, including the amount, the type of tax, the taxing agency, and the time periods involved.

(k) A description of any physical facility operated by the applicant in this state, the employees who work at the facility, and the nature of the business conducted at the facility.

(l) Information sufficient to show, as determined by the board, that the applicant can meet the requirements of procedures submitted by the applicant under this act and under any rules promulgated under this act.

(7) The board may require licensure of a holding company, management company, or any other person it considers sufficiently connected to the fantasy contest operator if that licensure is necessary to preserve the

integrity of fantasy contests and protect fantasy contest players.

(8) A license issued under this section is valid for 1 year. The board shall renew a license each year if the applicant demonstrates continued eligibility for licensure under this act and pays the renewal fee. Notwithstanding this subsection, the board may investigate a licensee at any time the board determines it is necessary to ensure that the licensee remains in compliance with this act and the rules promulgated under this act.

(9) The initial license fee is \$10,000.00. The annual license renewal fee is \$5,000.00. The board may assess investigative costs if the cost of a licensure investigation exceeds the amount of the initial license or renewal fee.

History: 2019, Act 157, Imd. Eff. Dec. 20, 2019.