

Michigan Office of Administrative Hearings and Rules

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**AGENCY REPORT TO THE
JOINT COMMITTEE ON ADMINISTRATIVE RULES (JCAR)**

1. Agency Information

Agency name:

Treasury

Division/Bureau/Office:

Michigan Gaming Control Board

Name of person completing this form:

Wendy Harns

Phone number of person completing this form:

517-335-2163

E-mail of person completing this form:

harnsw@michigan.gov

Name of Department Regulatory Affairs Officer reviewing this form:

Sarah Rowley

2. Rule Set Information

MOAHR assigned rule set number:

2020-11 TY

Title of proposed rule set:

Fantasy Contests

3. Purpose for the proposed rules and background:

These rules will provide the regulatory framework for the licensing and operation of fantasy sports contests in the state of Michigan pursuant to the Fantasy Contests Consumer Protection Act, MCL 432.501 to 432.516.

4. Summary of proposed rules:

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The rules establish a framework for a secure, responsible, fair, and legal system of fantasy contests in Michigan.

The Fantasy Contests Consumer Protection Act, MCL 432.501 to 432.516, was enacted on December 20, 2019, and authorized the operation, conduct, and offering of fantasy contests which were already occurring in this state.

By its own terms, the act was created to regulate the conduct of fantasy contests; to protect Michigan participants in fantasy contests; to require licensing of the operators of fantasy contests; to impose fees on the operators; to provide for the powers and duties of the Board in overseeing fantasy contests in Michigan; to prohibit violations of the Fantasy Contests Consumer Protection Act; and to prescribe civil sanctions and penalties.

5. List names of newspapers in which the notice of public hearing was published and publication dates:

The Lansing State Journal – December 6, 2021
The Detroit Free Press – December 6, 2021
The Daily Press (Escanaba) – December 6, 2021

6. Date of publication of rules and notice of public hearing in Michigan Register:

12/15/2021

7. Date, time, and location of public hearing:

1/6/2022 10:00 AM at Michigan Gaming Control Board, Hearing Room , 3062 W. Grand Blvd., Suite L-700, Detroit, Michigan

8. Provide the link the agency used to post the regulatory impact statement and cost-benefit analysis on its website:

<https://ARS.apps.lara.state.mi.us/Transaction/RFRTransaction?TransactionID=139>

9. List of the name and title of agency representative(s) attending public hearing:

Dave Murley, Charles Negin, Wendy Harns of MGCB; Bethany McCune of the Department of Attorney General

10. Persons submitting comments of support:

2020-11 TY is a new rule set. No comments of support were submitted for the general rule set.

11. Persons submitting comments of opposition:

2020-11 TY is a new rule set. No comments of opposition were submitted for the general rule set. However, Elizabeth Suever, VP Government Relations, Bally's Corporation, submitted comments of opposition to a specific rule.

12. Persons submitting other comments:

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The following persons submitted other comments, including requests for clarification or proposed revisions:

- Michael Petropoulos, FFPC Compliance Officer, Fantasy Football Players Championship (FFPC)
- Cory Fox, Government Affairs and Product Counsel Vice President, FanDuel
- Meredith C. Yu, Head of Compliance, Yahoo Fantasy Sports
- DraftKings Inc.

13. Identify any changes made to the proposed rules based on comments received during the public comment period:

	Name & Organization	Comments made at public hearing	Written Comments	Agency Rationale for Rule Change and Description of Change(s) Made	Rule number & citation changed
1	Michael Petropoulos, FFPC Compliance Officer, Fantasy Football Players Championship (FFPC)		Clarify that a management company license is only needed if a fantasy contest operator contracts with a third-party management company and is not required for an employee of a fantasy contest operator.	Modified 432.522 (3) and (4) to reduce the regulatory burden by clarifying that an individual who is an employee of a fantasy contest operator does not require a management company license to manage the day-to-day fantasy contest operations.	432.522(3)-(4)
2	Michael Petropoulos, FFPC Compliance Officer, Fantasy Football Players Championship (FFPC)		Provide an exemption to the prohibition on auto draft functionality for season-long fantasy contests in which fantasy contest players rank or queue athletes prior to the draft.	Modified 432.531 (3)(a)(i) to reduce the regulatory burden by allowing expanded use of auto draft functionality under certain conditions.	432.531(3)(a)(i)

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3	Elizabeth Suever, VP Government Relations, Bally's Corporation		Eliminate the prohibition on proposition selection or fantasy contests that have the effect of mimicking proposition selection.	Struck 432.511 (ee), which defined the term proposition selection, as it was no longer necessary with the modification of 432.531(3)(b), which reduces the regulatory burden by eliminating the prohibition on proposition selection and, instead, clarifying that each winning outcome must reflect the knowledge and skill of the winning fantasy contest player relative to 1 or more other fantasy contest players, as required by statute.	432.531(3)(b) 432.511(ee)
4	Cory Fox, Government Affairs and Product Counsel Vice President, FanDuel		Request clarification on the meaning of a "pending" fantasy contest entry as used in 432.532h.	Added a new subrule (5) to reduce the regulatory burden by clarifying that a fantasy contest entry is considered pending if the outcome of the fantasy contest in which the fantasy contest entry was entered has not yet been determined.	432.532h(5)

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5	Meredith C. Yu, Head of Compliance, Yahoo Fantasy Sports		Clarify or remove the requirement to dynamically monitor a fantasy contest player's location. Continual monitoring would be overly burdensome, both technologically and financially.	To reduce the regulatory burden, the dynamic monitoring requirement was eliminated.	432.539(2)
6	DraftKings Inc.		Request clarification on when age and identity verification is required.	Modified 432.541a(1) to reduce the regulatory burden by clarifying that a licensee must verify an individual's age and identity before allowing the individual to create an account and do either of the following, whichever occurs first: (a) make a deposit; or (b) enter or participate in a fantasy contest.	432.541a(1)
7	Cory Fox, Government Affairs and Product Counsel Vice President, FanDuel		Approaches to fraud prevention and anti-money laundering may change over time. Modify requirements regarding failed ACH deposits to allow more flexibility.	Modified 432.544b to reduce the regulatory burden and provide greater flexibility in investigating failed ACH deposits and identifying and resolving fraudulent ACH deposit attempts.	432.544b
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14.Date report completed:

3/9/2022