

**Article 15.5 125**  
**Fantasy Contests**

<del>12-15.5-101</del> <b>12-125-101.</b>	Short title.
<b>12-100-102.</b>	Applicability of common provisions.
<del>12-15.5-102</del> <b>12-125-103.</b>	Definitions.
<del>12-15.5-103</del> <b>12-125-104.</b>	Rules.
<del>12-15.5-104</del> <b>12-125-105.</b>	Registration.
<del>12-15.5-105</del> <b>12-125-106.</b>	Licensing.
<del>12-15.5-106</del> <b>12-125-107.</b>	Consumer protections.
<del>12-15.5-107</del> <b>12-125-108.</b>	Duty to maintain records.
<del>12-15.5-108</del> <b>12-125-109.</b>	Authorization to conduct fantasy contests.
<del>12-15.5-109</del> <b>12-125-110.</b>	Grounds for discipline.
<del>12-15.5-110</del> <b>12-125-111.</b>	Civil fines.
<del>12-15.5-111</del> <b>12-125-112.</b>	Applicability.
<del>12-15.5-112</del> <b>12-125-113.</b>	Repeal of article.

1           **12-125-101. [Formerly 12-15.5-101] Short title.** The short title of this article *125* is  
2 the "Fantasy Contests Act".  
3

4           **12-125-102. Applicability of common provisions.** ARTICLES 1 AND 20 OF THIS TITLE  
5 12 APPLY, ACCORDING TO THEIR TERMS, TO THIS ARTICLE 125.  
6

7           **12-125-103. [Formerly 12-15.5-102] Definitions.** As used in this article *125*, unless  
8 the context otherwise requires:

9           (1) "Confidential information" means information related to the play of a fantasy  
10 contest by fantasy contest players obtained as a result of or by virtue of a person's  
11 employment.

12           ~~(2) "Director" means the director of the division of professions and occupations~~  
13 ~~within the department of regulatory agencies or his or her designee. <{~~**Redundant with**  
14 **definitions common provision, section 12-20-102 (6).**~~>~~

15           ~~(3)~~ (2) "Entry fee" means cash or cash equivalents that are required to be paid by a  
16 fantasy contest player to a fantasy contest operator in order to participate in a fantasy contest.

17           ~~(4)~~ (3) "Fantasy contest" means a fantasy or simulated game or contest in which:  
18           (a) The value of all prizes and awards offered to winning participants is established  
19 and made known to the participants in advance of the contest;

20           (b) All winning outcomes reflect the relative knowledge and skill of the participants  
21 and are determined predominantly by accumulated statistical results of the performance of  
22 athletes in fully completed sporting events; except that a sporting event that has been called  
23 or suspended due to weather or any other natural or unforeseen event is considered fully

1 completed; and

2 (c) Winning outcomes are not based on randomized or historical events or on the  
3 score, point spread, or any performance of any single actual sports team or combination of  
4 ~~such~~ THE teams or solely on any single performance of an individual athlete in any single  
5 actual sporting event.

6 ~~(5)~~ (4) "Fantasy contest operator" means a person or entity that offers fantasy contests  
7 with an entry fee for a cash prize to members of the public.

8 ~~(6)~~ (5) "Fantasy contest player" means a person who participates in a fantasy contest  
9 with an entry fee offered by a fantasy contest operator.

10 ~~(7)~~ (6) "Small fantasy contest operator" means a fantasy contest operator that has no  
11 more than seven thousand five hundred fantasy contest players in Colorado with active  
12 accounts who participate in fantasy contests with an entry fee.

13  
14 **12-125-104. [Formerly 12-15.5-103] Rules.** ~~(1)~~ The director shall promulgate  
15 reasonable rules for the identification, licensing, and fingerprinting of applicants for  
16 licensure.

17 ~~(2) The director may administer oaths, take affirmations of witnesses, and issue~~  
18 ~~subpoenas to compel the attendance of witnesses and the production of all relevant papers,~~  
19 ~~books, records, documentary evidence, and materials in any hearing, investigation,~~  
20 ~~accusation, or other matter coming before the director pursuant to this article 125. The~~  
21 ~~director may appoint an administrative law judge pursuant to part 10 of article 30 of title 24~~  
22 ~~C.R.S., to take evidence and to make findings. <{Redundant with disciplinary procedures~~  
23 ~~common provision, 12-20-403. Recommend repeal.>~~

24  
25 **12-125-105. [Formerly 12-15.5-104] Registration.** (1) On and after July 1, 2017,  
26 an entity shall not operate as a small fantasy contest operator unless the entity is registered  
27 with the director. On and after July 1, 2017, an individual who is not operating through an  
28 entity shall not operate as a small fantasy contest operator unless the individual is registered  
29 with the director.

30 (2) A small fantasy contest operator is subject to all of the provisions of this article  
31 **125**; except that:

32 (a) A small fantasy contest operator need only be registered, not licensed, in order to  
33 offer fantasy contests for a fee; a small fantasy contest operator is not subject to the  
34 requirements of section ~~12-15.5-106~~ ~~(2)~~ **12-125-107 (2)** regarding an annual audit; and a  
35 small fantasy operator is subject to section ~~12-15.5-105~~ ~~(3)~~ **12-125-106 (3)**; and

36 (b) The director shall:

37 (I) Establish a registration process for small fantasy contest operators; and

38 (II) Not initiate an investigation of a potential violation of this article **125** by a small

1 fantasy contest operator except upon the filing of a complaint with the director that the  
2 director reasonably believes warrants investigation.

3  
4 **12-125-106. [Formerly 12-15.5-105] Licensing.** (1) (a) On and after July 1, 2017,  
5 an entity shall not operate as a fantasy contest operator unless the entity is licensed by the  
6 director. On and after July 1, 2017, an individual who is not operating through an entity shall  
7 not operate as a fantasy contest operator unless the individual is licensed as a fantasy contest  
8 operator by the director.

9 (b) An applicant for licensure must pay license, renewal, and reinstatement fees  
10 established by the director consistent with section ~~24-34-105, C.R.S., 12-20-105~~ and other  
11 authorities. ~~The fees must be sufficient to cover the division's direct and indirect costs in~~  
12 ~~administering this article. A licensee must renew the license in accordance with a schedule~~  
13 ~~established by the director pursuant to section 24-34-102 (8), C.R.S.. If a licensee fails to~~  
14 ~~renew the license pursuant to the schedule established by the director, the license expires and~~  
15 ~~the entity shall not practice under this article until the reinstatement fees are paid and the~~  
16 ~~director reinstates the license~~ SECTION 12-20-202 (1) AND (2) GOVERN RENEWAL AND  
17 REINSTATEMENT OF LICENSES UNDER THIS ARTICLE 125. A person that continues to practice  
18 once a license has expired is subject to the penalties provided in this article **125** and section  
19 ~~24-34-102 (8), C.R.S. 12-20-202 (1).~~ <*Redundant with the fee and penalty common*  
20 *provisions, 12-20-202.*>

21 (2) Applications for licensure as a fantasy contest operator must:  
22 (a) Be verified by the oath or affirmation of ~~such~~ THE person or persons as the  
23 director may prescribe;

24 (b) Be made to the director on forms prepared and furnished by the director; and

25 (c) Set forth such information as the director may require to enable the director to  
26 determine whether an applicant meets the requirements for licensure under this article **125**.  
27 The information must include:

28 (I) The name and address of the applicant;

29 (II) If a partnership, the names and addresses of all of the partners, and if a  
30 corporation, association, or other organization, the names and addresses of the president, vice  
31 president, secretary, and managing officer, together with all other information deemed  
32 necessary by the director; and

33 (III) A designation of the responsible party who is the agent for the licensee for all  
34 communications with the director.

35 (3) (a) An applicant may not be eligible for licensure or registration as a fantasy  
36 contest operator or licensure renewal if the applicant or any of its officers, directors, or  
37 general partners has been convicted of or has entered a plea of nolo contendere or guilty to  
38 a felony.

1 (b) The director is governed by section 24-5-101 ~~C.R.S.~~, in considering the conviction  
2 or plea of nolo contendere to a felony for any individual subject to a criminal history record  
3 check pursuant to subsection (4) of this section.

4 (4) With the submission of an application for a license granted pursuant to this  
5 section, each applicant and its officers, directors, and general partners shall submit a  
6 complete set of his or her fingerprints to the Colorado bureau of investigation for the purpose  
7 of conducting fingerprint-based criminal history record checks. The Colorado bureau of  
8 investigation shall forward the fingerprints to the federal bureau of investigation for the  
9 purpose of conducting fingerprint-based criminal history record checks. The director may  
10 acquire a name-based criminal history record check for a person who has twice submitted to  
11 a fingerprint-based criminal history record check and whose fingerprints are unclassifiable.  
12 A person who has previously submitted fingerprints for state or local licensing purposes may  
13 request the use of the fingerprints on file. The director shall use the information resulting  
14 from the fingerprint-based criminal history record check to investigate and determine  
15 whether an applicant is qualified to hold a license pursuant to this section. The director may  
16 verify the information an applicant is required to submit. The applicant shall pay the costs  
17 associated with the fingerprint-based criminal history record check to the Colorado bureau  
18 of investigation.

19 (5) A fantasy contest operator shall not conduct, operate, or offer a fantasy contest  
20 that:

21 (a) Utilizes:

22 (I) Video or mechanical reels or symbols or any other depictions of slot machines,  
23 poker, blackjack, craps, or roulette; or

24 (II) Any device that qualifies as or replicates games that constitute limited gaming  
25 under section 9 of article XVIII of the Colorado constitution; or

26 (b) Includes a university, college, high school, or youth sporting event.

27  
28 **12-125-107. [Formerly 12-15.5-106] Consumer protections.** (1) A fantasy contest  
29 operator, including a small fantasy contest operator, shall implement commercially  
30 reasonable procedures for fantasy contests with an entry fee, which procedures are designed  
31 to:

32 (a) Prevent employees of the fantasy contest operator, including a small fantasy  
33 contest operator, and relatives living in the same household as ~~such~~ THE employees, from  
34 competing in any fantasy contests offered by any fantasy contest operator in which the  
35 operator offers a cash prize;

36 (b) Prevent sharing of confidential information that could affect ~~such~~ THE fantasy  
37 contest play with third parties until the information is made publicly available;

38 (c) Verify that a fantasy contest player in such a fantasy contest is eighteen years of

1 age or older;

2 (d) Ensure that individuals who participate or officiate in a game or contest that is the  
3 subject of such a fantasy contest will be restricted from entering such a fantasy contest that  
4 is determined, in whole or in part, on the accumulated statistical results of a team of  
5 individuals in the game or contest in which they are a player or official;

6 (e) Allow individuals to restrict themselves from entering such a fantasy contest upon  
7 request and provide reasonable steps to prevent the person from entering ~~such~~ THE fantasy  
8 contests offered by the fantasy contest operator, including a small fantasy contest operator;

9 (f) Disclose the number of entries that a fantasy contest player may submit to each  
10 such fantasy contest, provide reasonable steps to prevent players from submitting more than  
11 the allowable number, and, in any contest involving at least one hundred one entries, not  
12 allow a player to submit more than the lesser of three percent of all entries or one hundred  
13 fifty entries;

14 (g) Segregate fantasy contest player funds from operational funds and maintain a  
15 reserve in the form of cash, cash equivalents, an irrevocable letter of credit, a bond, or a  
16 combination thereof, in the amount of the deposits made to the accounts of fantasy contest  
17 players for the benefit and protection of the funds held in ~~such~~ THE accounts;

18 (h) Distinguish highly experienced players and beginner players and ensure that  
19 highly experienced players are conspicuously identified as such to all players;

20 (i) Prohibit the use of scripts in fantasy contests that give a player an unfair advantage  
21 over other players and make all authorized scripts readily available to all fantasy contest  
22 players;

23 (j) Clearly and conspicuously disclose all rules that govern its contests, including the  
24 material terms of each promotional offer at the time the offer is advertised; and

25 (k) Use technologically reasonable measures to limit each fantasy contest player to  
26 one active account with that operator.

27 (2) A fantasy contest operator offering fantasy contests in this state shall:

28 (a) Contract with a third party to annually perform an independent audit, consistent  
29 with the standards established by the public company accounting oversight board, to ensure  
30 compliance with this article **125**; and

31 (b) Submit the results of the audit to the director.

32  
33 **12-125-108. [Formerly 12-15.5-107] Duty to maintain records.** Each fantasy  
34 contest operator shall keep daily records of its operations and shall maintain the records for  
35 at least three years. The records must sufficiently detail all financial transactions to determine  
36 compliance with the requirements of this article **125** and must be available for audit and  
37 inspection by the director during the fantasy contest operator's regular business hours.  
38

1           **12-125-109. [Formerly 12-15.5-108] Authorization to conduct fantasy contests.**

2 (1) Fantasy contests are authorized and may be conducted by a fantasy contest operator at  
3 a licensed gaming establishment, as that term is defined in section 44-30-103 (18). A gaming  
4 retailer, as that term is defined in section 44-30-103 (27), may conduct fantasy contests if the  
5 gaming retailer is licensed as a fantasy contest operator.

6           (2) Fantasy contests are authorized and may be conducted by a fantasy contest  
7 operator at a licensed facility at which pari-mutuel wagering, as that term is defined in  
8 section 44-32-102 (18), may occur. An operator of a class B track, as that term is defined in  
9 section 44-32-102 (3), may conduct fantasy contests if the operator is licensed as a fantasy  
10 contest operator.

11           (3) A fantasy contest conducted in compliance with this article *125* does not violate  
12 article 10 or 10.5 of title 18. ~~C.R.S.~~

13  
14           **12-125-110. [Formerly 12-15.5-109] Grounds for discipline.** (1) The director may  
15 ~~deny, suspend, or revoke a license or registration or place on probation or issue a letter of~~  
16 ~~admonition to~~ TAKE DISCIPLINARY ACTION AS AUTHORIZED IN SECTION 12-20-404 AGAINST  
17 a licensee or registrant if the fantasy contest operator, including a small fantasy contest  
18 operator: <{Redundant with disciplinary action common provision, 12-20-404.  
19 Recommend amendment as indicated.}>

20           (a) Violates any order of the director or any provision of this article *125* or the rules  
21 established under this article *125*;

22           (b) Fails to meet the requirements for licensure under this article *125*; or

23           (c) Uses fraud, misrepresentation, or deceit in applying for or attempting to apply for  
24 licensure or registration or otherwise in operating or offering to operate a fantasy contest.

25           (2) If it appears to the director, based upon credible evidence as presented in a written  
26 complaint, that a person is operating or offering to operate a fantasy contest without having  
27 obtained a registration or license, the director may issue an order to cease and desist the  
28 activity. The director shall set forth in the order the statutes and rules alleged to have been  
29 violated, the facts alleged to have constituted the violation, and the requirement that all  
30 unauthorized practices immediately cease. Within ten days after service of the order to cease  
31 and desist pursuant to this subsection (2), the person may request a hearing on the question  
32 of whether acts or practices in violation of this article *125* have occurred. The hearing shall  
33 be conducted pursuant to section 24-4-105. ~~C.R.S.~~

34  
35           **12-125-111. [Formerly 12-15.5-110] Civil fines.** In addition to any other remedy  
36 provided by law, a fantasy contest operator, or an employee or agent thereof, who violates  
37 this article *125* is subject to a civil fine of not more than one thousand dollars for each such  
38 violation, which the state treasurer shall credit to the general fund. The director may file a

1 civil action to collect the fine.

2

3 **12-125-112. [Formerly 12-15.5-111] Applicability.** This article *125* applies to  
4 conduct occurring on or after July 1, 2017.

5

6 **12-125-113. [Formerly 12-15.5-112] Repeal of article.** This article *125* is repealed,  
7 effective September 1, 2020. Before its repeal, this article *125* is scheduled for review in  
8 accordance with section 24-34-104. ~~C.R.S.~~