

Article 15.5 125
Fantasy Contests

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

25 (c) Winning outcomes are not based on randomized or historical events or on the

1 score, point spread, or any performance of any single actual sports team or combination of
2 ~~such~~ THE teams or solely on any single performance of an individual athlete in any single
3 actual sporting event.

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

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

8 ~~(7)~~ (6) "Small fantasy contest operator" means a fantasy contest operator that has no
9 more than seven thousand five hundred fantasy contest players in Colorado with active
10 accounts who participate in fantasy contests with an entry fee.

11
12 **12-125-104. [Formerly 12-15.5-103] Rules.** ~~(4)~~ The director shall promulgate
13 reasonable rules for the identification, licensing, and fingerprinting of applicants for
14 licensure. ~~<{***This language is narrower than the common provision on rules, 12-20-204,***~~
15 ~~***so no change is proposed.***>~~

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

23
24 **12-125-105. [Formerly 12-15.5-104] Registration.** (1) On and after July 1, 2017,
25 an entity shall not operate as a small fantasy contest operator unless the entity is registered
26 with the director. On and after July 1, 2017, an individual who is not operating through an
27 entity shall not operate as a small fantasy contest operator unless the individual is registered
28 with the director.

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

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

35 (b) The director shall:

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

37 (II) Not initiate an investigation of a potential violation of this article **125** by a small
38 fantasy contest operator except upon the filing of a complaint with the director that the
39 director reasonably believes warrants investigation.

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

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

17 ***provisions, 12-20-202.***>

18 (2) Applications for licensure as a fantasy contest operator must:

19 (a) Be verified by the oath or affirmation of ~~such~~ THE person or persons as the
20 director may prescribe;

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

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

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

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

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

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

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

39 (4) With the submission of an application for a license granted pursuant to this
40 section, each applicant and its officers, directors, and general partners shall submit a

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

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

16 (a) Utilizes:

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

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

21 (b) Includes a university, college, high school, or youth sporting event.
22

23 **12-125-107. [Formerly 12-15.5-106] Consumer protections.** (1) A fantasy contest
24 operator, including a small fantasy contest operator, shall implement commercially
25 reasonable procedures for fantasy contests with an entry fee, which procedures are designed
26 to:

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

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

33 (c) Verify that a fantasy contest player in such a fantasy contest is eighteen years of
34 age or older;

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

39 (e) Allow individuals to restrict themselves from entering such a fantasy contest upon
40 request and provide reasonable steps to prevent the person from entering ~~such~~ THE fantasy

1 contests offered by the fantasy contest operator, including a small fantasy contest operator;

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

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

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

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

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

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

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

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

24 (b) Submit the results of the audit to the director.
25

26 **12-125-108. [Formerly 12-15.5-107] Duty to maintain records.** Each fantasy
27 contest operator shall keep daily records of its operations and shall maintain the records for
28 at least three years. The records must sufficiently detail all financial transactions to determine
29 compliance with the requirements of this article **125** and must be available for audit and
30 inspection by the director during the fantasy contest operator's regular business hours.
31

32 **12-125-109. [Formerly 12-15.5-108] Authorization to conduct fantasy contests.**

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

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

1 contest operator.

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

4
5 **12-125-110. [Formerly 12-15.5-109] Grounds for discipline.** (1) The director may
6 deny, suspend, or revoke a license or registration or place on probation or issue a letter of
7 admonition to TAKE DISCIPLINARY ACTION AS AUTHORIZED IN SECTION 12-20-404 AGAINST
8 a licensee or registrant if the fantasy contest operator, including a small fantasy contest
9 operator: <{Redundant with disciplinary action common provision, 12-20-404.
10 Recommend amendment as indicated.}>

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

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

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

16 (2) If it appears to the director, based upon credible evidence as presented in a written
17 complaint, that a person is operating or offering to operate a fantasy contest without having
18 obtained a registration or license, the director may issue an order to cease and desist the
19 activity. The director shall set forth in the order the statutes and rules alleged to have been
20 violated, the facts alleged to have constituted the violation, and the requirement that all
21 unauthorized practices immediately cease. Within ten days after service of the order to cease
22 and desist pursuant to this subsection (2), the person may request a hearing on the question
23 of whether acts or practices in violation of this article *125* have occurred. The hearing shall
24 be conducted pursuant to section 24-4-105. ~~C.R.S.~~ <{Although there is a common provision
25 on cease-and-desist orders, because this provision is so unique the common provision
26 contains an exemption for the fantasy contests article.}>

27
28 **12-125-111. [Formerly 12-15.5-110] Civil fines.** In addition to any other remedy
29 provided by law, a fantasy contest operator, or an employee or agent thereof, who violates
30 this article *125* is subject to a civil fine of not more than one thousand dollars for each such
31 violation, which the state treasurer shall credit to the general fund. The director may file a
32 civil action to collect the fine. <{Because this provision authorizes a civil, not an
33 administrative, fine, it is distinct from the common provision on administrative fines,
34 12-20-404 (1)(c), which will be modified to exempt the fantasy contests article.}>

35
36 **12-125-112. [Formerly 12-15.5-111] Applicability.** This article *125* applies to
37 conduct occurring on or after July 1, 2017.

38
39 **12-125-113. [Formerly 12-15.5-112] Repeal of article.** This article *125* is repealed,

1 effective September 1, 2020. Before its repeal, this article *125* is scheduled for review in
2 accordance with section 24-34-104. ~~C.R.S.~~

Fantasy Contests, Title 12, Article 15.5

Current Statute Number		Proposed Statute Number	
12-15.5-101. Short Title		12-125-101. Short Title	
<i>No current provision</i>		12-125-102. Applicability of Common Provisions <i>(new provision)</i>	
12-15.5-102. Definitions		12-125-103. Definitions	
	(1)		(1)
	(2)	<i>Recommend repealing as redundant with definitions common provisions, section 12-20-102(6).</i>	----
	(3)		(2)
	(4)		(3)
	(4)(a)		(3)(a)
	(4)(b)		(3)(b)
	(4)(c)		(3)(c)
	(5)		(4)
	(6)		(5)
	(7)		(6)
12-15.5-103. Fantasy Contests – director - rules		12-125-104. Rules	
	(1)		----
	(2)	<i>Redundant with disciplinary procedures common provision, 12-20-403. Recommend repeal.</i>	----
12-15.5-104. Registration		12-125-105. Registration	

Fantasy Contests, Title 12, Article 15.5

Current Statute Number		Proposed Statute Number	
	(1)		(1)
	(2)		(2)
	(2)(a)		(2)(a)
	(2)(b)		(2)(b)
	(2)(b)(I)		(2)(b)(I)
	(2)(b)(II)		(2)(b)(II)
12-15.5-105. Licensing		12-125-106. Licensing	
	(1)		(1)
	(2)		(2)
	(2)(a)		(2)(a)
	(2)(b)		(2)(b)
	(2)(c)		(2)(c)
	(2)(c)(I)		(2)(c)(I)
	(2)(c)(II)		(2)(c)(II)
	(2)(c)(III)		(2)(c)(III)
	(3)(a)		(3)(a)
	(3)(b)		(3)(b)
	(4)		(4)
	(5)		(5)
	(5)(a)		(5)(a)
	(5)(a)(I)		(5)(a)(I)
	(5)(a)(II)		(5)(a)(II)
	(5)(b)		(5)(b)
12-15.5-106. Consumer Protections		12-125-107. Consumer Protections	

Fantasy Contests, Title 12, Article 15.5

Current Statute Number		Proposed Statute Number	
	(1)		(1)
	(1)(a)		(1)(a)
	(1)(b)		(1)(b)
	(1)(c)		(1)(c)
	(1)(d)		(1)(d)
	(1)(e)		(1)(e)
	(1)(f)		(1)(f)
	(1)(g)		(1)(g)
	(1)(h)		(1)(h)
	(1)(i)		(1)(i)
	(1)(j)		(1)(j)
	(1)(k)		(1)(k)
	(2)		(2)
	(2)(a)		(2)(a)
	(2)(b)		(2)(b)
12-15.5-107. Duty to Maintain Records		12-15.5-108. Duty to Maintain Records	
12-15.5-108. Authorization to Conduct Fantasy Contests		12-15.5-109. Authorization to Conduct Fantasy Contests	
	(1)		(1)
	(2)		(2)
	(3)		(3)
12-15.5-109. Grounds for Discipline		12-125-110. Grounds for Discipline	
	(1)		(1)
	(1)(a)		(1)(a)

Fantasy Contests, Title 12, Article 15.5

Current Statute Number		Proposed Statute Number	
	(1)(b)		(1)(b)
	(1)(c)		(1)(c)
	(2)		(2)
12-15.5-110. Civil Fines		12-125-111. Civil Fines	
12-15.5-111. Applicability		12-125-112. Applicability	
12-15.5-112. Repeal of Article		12-125-113. Repeal of Article	