**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, TO ENACT THE “SOUTH CAROLINA FANTASY CONTESTS ACT” BY ADDING CHAPTER 31 TO TITLE 37 SO AS TO DEFINE NECESSARY TERMS, TO PROVIDE FOR THE REGULATION OF CERTAIN FANTASY CONTESTS, TO REQUIRE FANTASY CONTEST OPERATORS TO IMPLEMENT PROCEDURES FOR CONSUMER PROTECTION, TO CREATE PENALTIES FOR VIOLATIONS, AND TO EXEMPT FANTASY CONTESTS FROM PROVISIONS OF CHAPTER 19, TITLE 16, RELATING TO GAMBLING.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Title 37 of the 1976 Code is amended by adding:

“CHAPTER 31

South Carolina Fantasy Contests Act

Section 37‑31‑100. This chapter may be cited as the ‘South Carolina Fantasy Contests Act’.

Section 37‑31‑110. As used in this chapter:

(1) ‘Confidential information’ means information related to the play of a fantasy contest by fantasy contest players obtained as a result of or by virtue of a person’s employment.

(2) ‘Department’ means the Department of Consumer Affairs.

(3) ‘Entry fee’ means cash or cash equivalent that is required to be paid by a fantasy contest player to a fantasy contest operator to participate in a fantasy contest.

(4) ‘Fantasy contest’ means a fantasy or simulated game or contest, in which:

(a) the value of all prizes and awards offered to winning participants are established and made known to the participants in advance of the contest;

(b) all winning outcomes reflect the relative knowledge and skill of the participants and must be determined predominantly by accumulated statistical results of the performance of individuals, including athletes in the case of sports events; and

(c) no winning outcome is based on the score, point spread, or any performance or performances of a single actual team or combination of the teams or solely on a single performance of an individual athlete or player in a single actual event.

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

(6) ‘Fantasy contest player’ means a person who participates in a fantasy contest offered by a fantasy contest operator.

Section 37‑31‑120. (A) A fantasy contest operator must implement procedures for fantasy contests with an entry fee that are intended to:

(1) prevent employees of the fantasy contest operator, and relatives living in the same household as the employees, from competing in a public fantasy contest offered by a fantasy contest operator in which the operator offers a cash prize;

(2) prevent sharing of confidential information that could affect the fantasy contest play with third parties until the information is made publicly available;

(3) prevent the fantasy contest operator from participating in the fantasy contest he offers;

(4) verify that a fantasy contest player in the fantasy contest is eighteen years of age or older;

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

(6) allow individuals to restrict themselves from entering such a fantasy contest upon request and provide reasonable steps to prevent those individuals from entering the fantasy contests offered by the fantasy contest operator;

(7) disclose the number of entries a single fantasy contest player may submit to each fantasy contest and take reasonable steps to prevent players from submitting more than the allowable number; and

(8) segregate player funds from operational funds and maintain a reserve in the form of cash, cash equivalents, an irrevocable letter of credit, a bond, or a combination thereof in the amount of the deposits in player accounts for the benefit and protection of authorized fantasy contest players’ funds held in fantasy contest accounts.

(B) A fantasy contest operator offering fantasy contests with an entry fee in the State annually shall contract with a third‑party to perform an independent audit, consistent with the standards established by the Public Company Accounting Oversight Board, to ensure compliance with this chapter and submit the results of the audit to the department.

Section 37‑31‑130. A person, firm, corporation, association, agent, or employee who violates a provision of this section is subject to a civil penalty of a fine of not more than one thousand dollars for each violation, which must accrue to the department and only may be recovered in a civil action brought by the department.

Section 37‑31‑140. Nothing contained in Chapter 19, Title 16 is applicable to a fantasy contest as defined in this chapter.”

SECTION 2. This act takes effect upon approval by the Governor.

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