As Passed by the House

132nd General Assembly

Regular Session 2017-2018

Sub. H. B. No. 132

Representatives Dever, McColley Cosponsors: Representatives Blessing, Cera, Seitz

A BILL

То	amend section 3772.03 and to enact sections	1
	3774.01, 3774.02, 3774.03, 3774.04, 3774.05,	2
	3774.06, 3774.07, 3774.08, and 3774.09 of the	3
	Revised Code to grant the Ohio Casino Control	4
	Commission the authority to regulate fantasy	5
	contests and to exempt fantasy contests from the	6
	gambling laws.	7

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That section 3772.03 be amended and sections	8
3774.01, 3774.02, 3774.03, 3774.04, 3774.05, 3774.06, 3774.07,	9
3774.08, and 3774.09 of the Revised Code be enacted to read as	10
follows:	11
Sec. 3772.03. (A) To ensure the integrity of casino	12
gaming, the commission shall have authority to complete the	13
functions of licensing, regulating, investigating, and	14
penalizing casino operators, management companies, holding	15
companies, key employees, casino gaming employees, and gaming-	16
related vendors. The commission also shall have jurisdiction	17
over all persons participating in casino gaming authorized by	18

Section 6(C) of Article XV, Ohio Constitution, and this chapter.	19
(B) All rules adopted by the commission under this chapter	20
shall be adopted under procedures established in Chapter 119. of	21
the Revised Code. The commission may contract for the services	22
of experts and consultants to assist the commission in carrying	23
out its duties under this section.	24
(C) The commission shall adopt rules as are necessary for	25
completing the functions stated in division (A) of this section	26
and for addressing the subjects enumerated in division (D) of	27
this section.	28
(D) The commission shall adopt, and as advisable and	29
necessary shall amend or repeal, rules that include all of the	30
following:	31
(1) The prevention of practices detrimental to the public	32
<pre>interest;</pre>	33
(2) Prescribing the method of applying, and the form of	34
application, that an applicant for a license under this chapter	35
must follow as otherwise described in this chapter;	36
(3) Prescribing the information to be furnished by an	37
applicant or licensee as described in section 3772.11 of the	38
Revised Code;	39
(4) Describing the certification standards and duties of	40
an independent testing laboratory certified under section	41
3772.31 of the Revised Code and the relationship between the	42
commission, the laboratory, the gaming-related vendor, and the	43
casino operator;	44
(5) The minimum amount of insurance that must be	45
maintained by a casino operator, management company, holding	46

company, or gaming-related vendor;	47
(6) The approval process for a significant change in	48
ownership or transfer of control of a licensee as provided in	49
section 3772.091 of the Revised Code;	50
(7) The design of gaming supplies, devices, and equipment	51
to be distributed by gaming-related vendors;	52
(8) Identifying the casino gaming that is permitted,	53
identifying the gaming supplies, devices, and equipment, that	54
are permitted, defining the area in which the permitted casino	55
gaming may be conducted, and specifying the method of operation	56
according to which the permitted casino gaming is to be	57
conducted as provided in section 3772.20 of the Revised Code,	58
and requiring gaming devices and equipment to meet the standards	59
of this state;	60
(9) Tournament play in any casino facility;	61
(10) Establishing and implementing a voluntary exclusion	62
program that provides all of the following:	63
(a) Except as provided by commission rule, a person who	64
participates in the program shall agree to refrain from entering	65
a casino facility.	66
(b) The name of a person participating in the program	67
shall be included on a list of persons excluded from all casino	68
facilities.	69
(c) Except as provided by commission rule, no person who	70
participates in the program shall petition the commission for	71
admittance into a casino facility.	72
(d) The list of persons participating in the program and	73
the personal information of those persons shall be confidential	74

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and shall only be disseminated by the commission to a casino	75
operator and the agents and employees of the casino operator for	76
purposes of enforcement and to other entities, upon request of	77
the participant and agreement by the commission.	78
(e) A casino operator shall make all reasonable attempts	79
as determined by the commission to cease all direct marketing	80
efforts to a person participating in the program.	81
(f) A casino operator shall not cash the check of a person	82
participating in the program or extend credit to the person in	83
any manner. However, the program shall not exclude a casino	84
operator from seeking the payment of a debt accrued by a person	85
before participating in the program.	86
(g) Any and all locations at which a person may register	87
as a participant in the program shall be published.	88
(11) Requiring the commission to adopt standards regarding	89
the marketing materials of a licensed casino operator, including	90
allowing the commission to prohibit marketing materials that are	91
contrary to the adopted standards;	92
(12) Requiring that the records, including financial	93
statements, of any casino operator, management company, holding	94
company, and gaming-related vendor be maintained in the manner	95
prescribed by the commission and made available for inspection	96
upon demand by the commission, but shall be subject to section	97
3772.16 of the Revised Code;	98
(13) Permitting a licensed casino operator, management	99
company, key employee, or casino gaming employee to question a	100
person suspected of violating this chapter;	101
(14) The chips, tokens, tickets, electronic cards, or	102

similar objects that may be purchased by means of an agreement

under which credit is extended to a wagerer by a casino	104
operator;	105
(15) Establishing standards for provisional key employee	106
licenses for a person who is required to be licensed as a key	107
employee and is in exigent circumstances and standards for	108
provisional licenses for casino gaming employees who submit	109
complete applications and are compliant under an instant	110
background check. A provisional license shall be valid not	111
longer than three months. A provisional license may be renewed	112
one time, at the commission's discretion, for an additional	113
three months. In establishing standards with regard to instant	114
background checks the commission shall take notice of criminal	115
records checks as they are conducted under section 311.41 of the	116
Revised Code using electronic fingerprint reading devices.	117
(16) Establishing approval procedures for third-party	118
engineering or accounting firms, as described in section 3772.09	119
of the Revised Code;	120
(17) Prescribing the manner in which winnings,	121
compensation from casino gaming, and gross revenue must be	122
computed and reported by a licensee as described in Chapter	123
5753. of the Revised Code;	124
(18) Prescribing conditions under which a licensee's	125
license may be suspended or revoked as described in section	126
3772.04 of the Revised Code;	127
(19) Prescribing the manner and procedure of all hearings	128
to be conducted by the commission or by any hearing examiner;	129
(20) Prescribing technical standards and requirements that	130
are to be met by security and surveillance equipment that is	131
used at and standards and requirements to be met by personnel	132

who are employed at casino facilities, and standards and	133
requirements for the provision of security at and surveillance	134
of casino facilities;	135
(21) Prescribing requirements for a casino operator to	136
provide unarmed security services at a casino facility by	137
licensed casino employees, and the training that shall be	138
completed by these employees;	139
(22) Prescribing standards according to which casino	140
operators shall keep accounts and standards according to which	141
casino accounts shall be audited, and establish means of	142
assisting the tax commissioner in levying and collecting the	143
gross casino revenue tax levied under section 5753.02 of the	144
Revised Code;	145
(23) Defining penalties for violation of commission rules	146
and a process for imposing such penalties subject to the review	147
of the joint committee on gaming and wagering;	148
(24) Establishing standards for decertifying contractors	149
that violate statutes or rules of this state or the federal	150
<pre>government;</pre>	151
(25) Establishing standards for the repair of casino	152
gaming equipment;	153
(26) Establishing procedures to ensure that casino	154
operators, management companies, and holding companies are	155
compliant with the compulsive and problem gambling plan	156
submitted under section 3772.18 of the Revised Code;	157
(27) Prescribing, for institutional investors in or	158
holding companies of a casino operator, management company,	159
holding company, or gaming-related vendor that fall below the	160
threshold needed to be considered an institutional investor or a	161

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holding company, standards regarding what any employees,
members, or owners of those investors or holding companies may
do and shall not do in relation to casino facilities and casino
gaming in this state, which standards shall rationally relate to
the need to proscribe conduct that is inconsistent with passive
institutional investment status;

- (28) Providing for any other thing necessary and proper for successful and efficient regulation of casino gaming under this chapter.
- (E) The commission shall employ and assign gaming agents as necessary to assist the commission in carrying out the duties of this chapter and Chapter 2915. of the Revised Code. In order to maintain employment as a gaming agent, the gaming agent shall successfully complete all continuing training programs required by the commission and shall not have been convicted of or pleaded guilty or no contest to a disqualifying offense as defined in section 3772.07 of the Revised Code.
- (F) The commission, as a law enforcement agency, and its 179 gaming agents, as law enforcement officers as defined in section 180 2901.01 of the Revised Code, shall have authority with regard to 181 the detection and investigation of, the seizure of evidence 182 allegedly relating to, and the apprehension and arrest of 183 persons allegedly committing violations of this chapter or 184 gambling offenses as defined in section 2915.01 of the Revised 185 Code or violations of any other law of this state that may 186 affect the integrity of casino gaming or the operation of skill-187 based amusement machines, and shall have access to casino 188 facilities and skill-based amusement machine facilities to carry 189 out the requirements of this chapter. 190
 - (G) The commission may eject or exclude or authorize the

ejection or exclusion of and a gaming agent may eject a person	192
from a casino facility for any of the following reasons:	193
(1) The person's name is on the list of persons	194
voluntarily excluding themselves from all casinos in a program	195
established according to rules adopted by the commission;	196
(2) The person violates or conspires to violate this	197
chapter or a rule adopted thereunder; or	198
(3) The commission determines that the person's conduct or	199
reputation is such that the person's presence within a casino	200
facility may call into question the honesty and integrity of the	201
casino gaming operations or interfere with the orderly conduct	202
of the casino gaming operations.	203
(H) A person, other than a person participating in a	204
voluntary exclusion program, may petition the commission for a	205
public hearing on the person's ejection or exclusion under this	206
chapter.	207
(I) A casino operator or management company shall have the	208
same authority to eject or exclude a person from the management	209
company's casino facilities as authorized in division (G) of	210
this section. The licensee shall immediately notify the	211
commission of an ejection or exclusion.	212
(J) The commission shall submit a written annual report	213
with the governor, president and minority leader of the senate,	214
speaker and minority leader of the house of representatives, and	215
joint committee on gaming and wagering before the first day of	216
September each year. The annual report shall cover the previous	217
fiscal year and shall include all of the following:	218
(1) A statement describing the receipts and disbursements	219
of the commission;	220

(2) Relevant financial data regarding casino gaming,	221
including gross revenues and disbursements made under this	222
chapter;	223
(3) Actions taken by the commission;	224
(4) An update on casino operators', management companies',	225
and holding companies' compulsive and problem gambling plans and	226
the voluntary exclusion program and list;	227
(5) Information regarding prosecutions for conduct	228
described in division (H) of section 3772.99 of the Revised	229
Code, including, but not limited to, the total number of	230
prosecutions commenced and the name of each person prosecuted;	231
(6) Any additional information that the commission	232
considers useful or that the governor, president or minority	233
leader of the senate, speaker or minority leader of the house of	234
representatives, or joint committee on gaming and wagering	235
requests.	236
(K) To ensure the integrity of skill-based amusement	237
machine operations, the commission shall have jurisdiction over	238
all persons conducting or participating in the conduct of skill-	239
based amusement machine operations authorized by this chapter	240
and Chapter 2915. of the Revised Code, including the authority	241
to complete the functions of licensing, regulating,	242
investigating, and penalizing those persons in a manner that is	243
consistent with the commission's authority to do the same with	244
respect to casino gaming. To carry out this division, the	245
commission may adopt rules under Chapter 119. of the Revised	246
Code, including rules establishing fees and penalties related to	247
the operation of skill-based amusement machines.	248
(L) To ensure the integrity of fantasy contests, the	249

commission shall have jurisdiction over all persons conducting	250
or participating in the conduct of a fantasy contest authorized	251
by Chapter 3774. of the Revised Code, including the authority to	252
license, regulate, investigate, and penalize those persons in a	253
manner that is consistent with the commission's authority to do	254
the same with respect to skill-based amusement machines. To	255
carry out this division, the commission may adopt rules under	256
Chapter 119. of the Revised Code, including rules establishing	257
fees and penalties related to the operation of fantasy contests.	258
Sec. 3774.01. As used in this chapter:	259
(A) "Commission" means the Ohio casino control commission.	260
(B) "Entry fee" means cash or cash equivalent that a	261
fantasy contest operator requires to be paid by a fantasy	262
contest player to participate in a fantasy contest.	263
(C) "Fantasy contest" means a simulated game or contest	264
with an entry fee that satisfies all of the following	265
conditions:	266
(1) The value of all prizes and awards offered to winning	267
fantasy contest players is established and made known to the	268
players in advance of the contest.	269
(2) All winning outcomes reflect the relative knowledge	270
and skill of the fantasy contest players and are determined	271
predominantly by accumulated statistical results of the	272
performance of managing rosters of athletes whose performance	273
directly corresponds with the actual performance of athletes in	274
professional sports competitions.	275
(3) Winning outcomes are not based on randomized or	276
historical events, or on the score, point spread, or any	277
performance of any single actual team or combination of teams or	278

solely on any single performance of an individual athlete or	279
player in any single actual event.	280
(D) "Fantasy contest operator" means a person that offers	281
fantasy contests with an entry fee for a prize or award to the	282
general public. Fantasy contest operator does not include a	283
person that offers a pool not conducted for profit as defined	284
under division (XX) of section 2915.01 of the Revised Code.	285
(E) "Fantasy contest platform" means any digital or online	286
method through which a fantasy contest operator provides access	287
to a fantasy contest.	288
(F) "Fantasy contest player" means a person who	289
participates in a fantasy contest offered by a fantasy contest	290
operator.	291
(G) "Holding company" means any corporation, firm,	292
partnership, limited partnership, limited liability company,	293
trust, or other form of business organization not a natural	294
person that directly or indirectly does any of the following:	295
(1) Has the power or right to control a fantasy contest	296
<pre>operator;</pre>	297
(2) Holds an ownership interest of ten per cent or more,	298
as determined by the commission, in a fantasy contest operator;	299
(3) Holds voting rights with the power to vote ten per	300
cent or more of the outstanding voting rights of a fantasy	301
<pre>contest operator.</pre>	302
(H) "Key employee" means a person, employed by a fantasy	303
contest operator, who is responsible for ensuring, and has the	304
authority necessary to ensure, that all requirements under this	305
chapter and the rules adopted under this chapter and division	306

(L) of section 3772.03 of the Revised Code are met.	307
(I) "Management company" means an organization retained by	308
a fantasy contest operator to manage a fantasy contest platform	309
and provide services such as accounting, general administration,	310
maintenance, recruitment, and other operational services.	311
(J) "Material nonpublic information" means information	312
related to the play of a fantasy contest by a fantasy contest	313
player that is not readily available to the general public and	314
is obtained as a result of a person's employment.	315
(K) "Script" means a list of commands that a fantasy-	316
contest-related computer program can execute and that is created	317
by a fantasy contest player, or by a third party for a fantasy	318
contest player, to automate processes on a fantasy contest	319
platform.	320
Sec. 3774.02. (A) A fantasy contest operator may not offer	321
a fantasy contest in this state without first obtaining a	322
license from the commission.	323
(B)(1) In order to obtain or renew a license to operate	324
fantasy contests in this state, a fantasy contest operator shall	325
pay to the commission a nonrefundable license fee.	326
(2) Unless a license issued under this chapter is	327
suspended, expires, or is revoked, a license may be renewed.	328
After a determination by the commission that the licensee is in	329
compliance with this chapter and rules adopted by the commission	330
under this chapter or division (L) of section 3772.03 of the	331
Revised Code, the license shall be renewed for not more than	332
three years, as determined by commission rule adopted under this	333
chapter or division (L) of section 3772.03 of the Revised Code.	334
(C) Notwithstanding division (B) of this section, the	335

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commission may investigate a licensee at any time the commission	336
determines it is necessary to ensure that the licensee remains	337
in compliance with this chapter and the rules adopted under this	338
chapter or division (L) of section 3772.03 of the Revised Code.	339
Any fantasy contest operator that applies for or holds a license	340
under this chapter shall establish the operator's suitability	341
for a license by clear and convincing evidence.	342
Sec. 3774.03. The commission shall adopt rules under	343
Chapter 119. of the Revised Code as are necessary to complete	344
the functions and address the subjects enumerated in division	345
(A) of this section.	346
(A) The commission may adopt, and as advisable and	347
necessary may amend or repeal, rules that include all of the	348
<pre>following:</pre>	349
(1) Prohibiting fantasy contest operator's employees,	350
relatives living in the same household as those employees, and	351
athletes and referees in the underlying professional sports	352
competitions from competing in any public fantasy contest	353
offered by the fantasy contest operator or from sharing any	354
material nonpublic information with third parties;	355
(2) Ensuring fantasy contest operators prohibit access to	356
both of the following:	357
(a) Individuals under eighteen years of age;	358
(b) Individuals who, upon request, seek to restrict	359
themselves from entering fantasy contests.	360
(3) Ensuring fantasy contest operators segregate fantasy	361
contest player funds from operational funds or maintain a	362
reserve that exceeds the amount of player funds on deposit,	363
which reserve may not be used for operational activities. These	364

reserve funds may take the form of cash, cash equivalents,	365
payment processor reserves, payment processor receivables, an	366
irrevocable letter of credit, a bond, any other method approved	367
by the commission, or a combination thereof, in an amount that	368
must exceed the total balances of the fantasy contest player's	369
accounts. All reserve funds, except payment processor reserves,	370
shall be maintained by or otherwise under the control of a	371
licensed fantasy contest operator, unless otherwise authorized	372
by the commission.	373
(4) Prescribing requirements related to beginning players	374
and highly experienced players;	375
(5) Prescribing requirements for internal procedures,	376
including at a minimum, procedures for all of the following:	377
(a) Complying with all applicable state and federal	378
requirements to protect the privacy and online security of	379
fantasy contest players and their accounts;	380
(b) Suspending the accounts of players who violate this	381
chapter and the rules adopted by the commission under this	382
chapter or division (L) of section 3772.03 of the Revised Code;	383
(c) Providing fantasy contest players with access to	384
information on playing responsibly and seeking assistance for	385
compulsive behavior;	386
(d) Establishing the maximum number of entries that a	387
fantasy contest player may submit to each fantasy contest;	388
(e) Any other procedure that the commission determines	389
necessary in the rules adopted under this chapter or division	390
(L) of section 3772.03 of the Revised Code.	391
(6) Requiring a license application to require an	392

applicant for a fantasy contest operator license to designate at	393
least one key employee as a condition to obtain a license;	394
(7) Establishing the length of time, which shall be not	395
more than three years, that a fantasy contest operator license	396
and renewal license shall be valid;	397
(8) Establishing the fee for obtaining or renewing a	398
license, which shall not exceed ten thousand dollars for each	399
year of a license and a total of thirty thousand dollars for a	400
three-year license, and which may be paid in equal installments	401
on an annual basis over the term of the license; and	402
(9) Any other procedure or thing that the commission	403
determines necessary to ensure the integrity of fantasy sports	404
contests.	405
(B) The commission may not adopt rules to do either of the	406
<pre>following:</pre>	407
(1) Limit or regulate the statistical makeup of a game or	408
contest, or the digital platform of a fantasy contest operator;	409
<u>or</u>	410
(2) Require licensure of any persons other than fantasy	411
contest operators, holding companies, or management companies.	412
(C) Nothing in this section prohibits the commission from	413
adopting rules establishing consumer protections.	414
Sec. 3774.04. (A) Each fantasy contest operator shall	415
retain and maintain in a place secure from theft, loss, or	416
destruction all of the records required to be maintained by this	417
chapter for at least five years from the date of the record's	418
<pre>creation.</pre>	419
(B) Each fantasy contest operator shall retain and	420

maintain accurate, complete, legible, and permanent records,	421
whether in electronic or other format, of any books, records, or	422
documents relating to the fantasy contest operator's business	423
and accounting operations, which includes all of the following:	424
(1) The fantasy contest operator's business and	425
organizational structure;	426
(2) Correspondence with or by, or reports to or from, the	427
commission, or any local, state, or federal governmental agency,	428
<pre>foreign or domestic;</pre>	429
(3) The fantasy contest operator's financial statements,	430
accounting records, ledgers, and internal and external audit	431
records;	432
(4) All records related to the conduct of fantasy contests	433
by the fantasy contest operator in this state;	434
(5) Any materials used to advertise, publicize, or	435
otherwise promote the fantasy contest operator's fantasy	436
<pre>contests in this state;</pre>	437
(6) Any other books, records, or documents the commission	438
requires the fantasy contest operator to retain and maintain, in	439
rules adopted by the commission under this chapter or division	440
(L) of section 3772.03 of the Revised Code.	441
(C) Each fantasy contest operator shall organize all	442
required records in a manner that enables the commission to	443
locate, inspect, review, and analyze the records with reasonable	444
ease and efficiency and, upon request, provide the commission or	445
its executive director, or duly authorized designee thereof,	446
with the records required to be retained and maintained by this	447
soction	115

Sec. 3774.05. (A) A fantasy contest operator offering a	449
fantasy contest in this state shall contract with a third party	450
to perform an independent audit, consistent with the standards	451
established by the American institute of certified public	452
accountants, to ensure compliance with this chapter and any	453
rules adopted under this chapter or division (L) of section	454
3772.03 of the Revised Code. The audit shall be performed at	455
least once every three years unless otherwise ordered by the	456
commission.	457
(B) A fantasy contest operator offering a fantasy contest	458
in this state shall contract with a third party to perform an	459
annual independent financial audit, consistent with the	460
standards established by the American institute of certified	461
<pre>public accountants.</pre>	462
(C) Any third party contracted to perform an audit under	463
this section shall be approved by the commission before the	464
audit engagement. The fantasy contest operator shall submit the	465
audit results to the commission.	466
Sec. 3774.06. (A) A fantasy contest may not be offered on	467
any kiosk or machine physically located in a retail business	468
location.	469
(B) A fantasy contest operator operating in this state	470
shall not do any of the following:	471
(1) Operate or offer a fantasy contest based upon any	472
university, college, high school, or youth sporting event;	473
(2) Allow the use of scripts unless the scripts are made	474
readily available to all fantasy contest players;	475
(3) Employ false, deceptive, or misleading advertising, or	476
advertising that is not based upon fact; or	477

(4) Target players that have restricted themselves from	478
entering fantasy contests under the procedures for doing so as	479
required by the commission, or persons under eighteen years of	480
age, in the fantasy contest operator's advertising.	481
Sec. 3774.07. The commission, in an adjudication conducted	482
under Chapter 119. of the Revised Code, may penalize, limit,	483
condition, restrict, suspend, revoke, deny, or refuse to renew	484
the license of any licensee or applicant. The commission may	485
take into account any relevant aggravating or mitigating factors	486
without in any manner limiting the authority of the commission	487
to impose the level and type of discipline the commission	488
considers appropriate.	489
Sec. 3774.08. (A) Any information concerning the fantasy	490
contest operator's internal procedures, personal information,	491
financial information, trade secret information, and information	492
protected by the attorney-client privilege submitted, collected,	493
or gathered in relation to an application or license under this	494
chapter is confidential and not subject to disclosure by any	495
state agency or political subdivision as a record under section	496
149.43 of the Revised Code.	497
(B) The commission may share the information referenced in	498
this section with, or disclose the information to, any	499
appropriate governmental or licensing agency if the agency that	500
receives the information complies with the same requirements	501
regarding confidentiality as those with which the commission	502
must comply.	503
Sec. 3774.09. Fantasy contests offered in accordance with	504
this chapter and the rules adopted by the commission under this	505
chapter or division (L) of section 3772.03 of the Revised Code	506
are exempt from Chapter 2915 of the Revised Code	507

As Passed by the House	
Section 2. That existing section 3772.03 of the Revised	508
Code is hereby repealed.	509
Section 3. Notwithstanding sections 3774.02, 3774.03, and	510
3774.05 of the Revised Code as enacted by this act, fantasy	511
contest operators offering fantasy contests in this state on the	512
effective date of this act may continue to offer fantasy	513
contests without interruption, provided that the operator files	514
an application for licensure with the Ohio Casino Control	515
Commission within thirty days of the application's availability,	516
until the application for licensure has been approved or denied.	517

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