

Ex-lawmaker says daily fantasy sports websites must follow the law

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An employee in the software development department of DraftKings, a daily fantasy sports company, walks past screens displaying the company's online system stats in Boston, Massachusetts, Sept. 9, 2015. Photo: AP Photo/Stephan Savoia

LAS VEGAS, Nev. — A former congressman said fantasy sports sites have nerve to pretend a law makes them legal.

Former Representative Jim Leach should know. He is the one who wrote a 2006 anti-Internet gambling law that included an exception for fantasy sports sites. He said lawmakers had no idea at the time that daily fantasy sports would become so big. In fantasy sports, people pay an entry fee to put together fantasy teams. They play against each other and win money based on how well the real-life players do.

Daily fantasy sites have become very popular for betting because they often take place over a single day of competition. Traditional fantasy sports takes place over a full sports season.

Games Of Skill, Or Gambling?

Leach said his anti-gambling law was supposed to stop gambling on the Internet. It was not supposed to promote it.

Fantasy sports is the exception in Leach's Unlawful Internet Gambling Enforcement Act (UIGEA). However, he said other federal and state laws could shut down fantasy sports sites.

Two of the sites claim Leach's law allows them to exist. They are FanDuel and DraftKings. They both say they offer games of skill, avoiding the label of gambling.

He said the sites still must follow other laws, which could make them illegal.

Millions Of Dollars Spent Daily

Daily fantasy sites claim that Leach's anti-gambling law allows them to operate in states that don't specifically ban them. Just five states outlaw fantasy sports. Betting on sports and other types of Internet gambling are mostly illegal in the United States. However, horse racing was allowed in the 2006 law.

Millions of dollars are bet daily in fantasy sports contests. Leach said the sites are wrong when they claim they are games of skill.

He said there is no way "fantasy sports betting can be described as not gambling."

Industry Seemingly Came Out Of Nowhere

Recently, there has been a spotlight on the industry. Last week, a \$350,000 win by a DraftKings employee on FanDuel caused a scandal. People thought he might have had an unfair advantage. Also, people are criticizing commercials that promise to make millionaires out of casual fantasy players. The industry seemingly sprouted out of nowhere to become a powerhouse in the sports world. Major League Baseball owns a small part of DraftKings, and NFL teams and other leagues have deals with DraftKings and FanDuel.

The 2006 law led to the eventual shut down of online poker and other gambling sites. Leach said he wrote the law to stop online betting, but Leach's law doesn't offer a clear definition of Internet gambling. Instead it refers to national and state laws that could be interpreted differently.

The law also specifically prevents banks from accepting money, like credit card payments, from illegal gambling.

Many Laws Still Apply

Leach said there are still many laws and regulations that can be applied to the fantasy industry.

Citizens can make their own judgment whether America is better off with or without gambling, he said. In 2006, Leach lost his election bid after 15 terms in office, and left Congress. He said it is obvious that fantasy sports was exempted from UIGEA "but not from the broad sweep of law itself."

UPDATE: Nevada regulators ordered daily fantasy sports sites like DraftKings and FanDuel to shut down last Thursday. They say the sites cannot operate in the state without a gambling license.

Quiz

- 1 Jim Leach would most likely AGREE with which of the following statements?
- (A) FanDuel and DraftKings are operating within the law to run their websites.
 - (B) Playing fantasy sports games on the Internet can be considered gambling.
 - (C) It is up to U.S. citizens to decide whether laws should ban gambling or not.
 - (D) States should not ban fantasy sports since they create a lot of revenue for the sports industry.
- 2 According to the article, what makes a game qualify as "gambling"?
- (A) The game takes place over a single day.
 - (B) The game is based on luck, not skill.
 - (C) The game involves exchanging large amounts of money.
 - (D) The game allows some people an unfair advantage.
- 3 Read the sentence from the introduction [paragraphs 1-3] of the article:

He is the one who wrote a 2006 anti-Internet gambling law that included an exemption for fantasy sports sites.

Which answer choice is the BEST definition of the word "exemption" as used in the sentence?

- (A) expulsion
- (B) extraction
- (C) exception
- (D) exclamation

- 4 Read the paragraph from the section "Industry Seemingly Came Out Of Nowhere."

Recently, there has been a spotlight on the industry. Last week, a \$350,000 win by a DraftKings employee on FanDuel caused a scandal. People thought he might have had an unfair advantage. Also, people are criticizing commercials that promise to make millionaires out of casual fantasy players. The industry seemingly sprouted out of nowhere to become a powerhouse in the sports world. Major League Baseball owns a small part of DraftKings, and NFL teams and other leagues have deals with DraftKings and FanDuel.

Which word from the paragraph helps you understand the overall impact that fantasy sites have had?

- (A) powerhouse
- (B) scandal
- (C) advantage
- (D) spotlight