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I N S E N A T E

February 23, 2016

Introduced by Sen. BONACIC -- read twice and ordered printed, and when printed to be committed to the Committee on Racing, Gaming and Wagering

AN ACT to amend the racing, pari-mutuel wagering and breeding law and the financial services law, in relation to interactive fantasy sports

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. The racing, pari-mutuel wagering and breeding law is  
2 amended by adding a new article 15 to read as follows:

3 ARTICLE 15

4 INTERACTIVE FANTASY SPORTS

5 SECTION 1500. LEGISLATIVE FINDINGS AND PURPOSE.

6 1501. DEFINITIONS.

7 1502. REGISTRATION.

8 1503. REQUIRED SAFEGUARDS/MINIMUM STANDARDS.

9 1504. SCOPE OF REGISTRATION REVIEW.

10 1505. STATE TAX.

11 S 1500. LEGISLATIVE FINDINGS AND PURPOSE. THE LEGISLATURE HEREBY FINDS  
12 AND DECLARES THAT:

13 1. UNDER THE NEW YORK PENAL LAW A PERSON ENGAGES IN GAMBLING WHEN HE  
14 OR SHE STAKES OR RISKS SOMETHING OF VALUE UPON THE OUTCOME OF A CONTEST  
15 OF CHANCE OR A FUTURE CONTINGENT EVENT NOT UNDER HIS OR HER CONTROL OR  
16 INFLUENCE, UPON AN AGREEMENT OR UNDERSTANDING THAT HE OR SHE WILL  
17 RECEIVE SOMETHING OF VALUE IN THE EVENT OF A CERTAIN OUTCOME;

18 2. INTERACTIVE FANTASY SPORTS IN MANY INSTANCES HAVE BEEN DEFINED AS A  
19 GAME OF SKILL AND WERE EXEMPTED FROM THE DEFINITION OF UNLAWFUL INTERNET  
20 GAMBLING UNDER THE UNLAWFUL INTERNET GAMBLING ENFORCEMENT ACT OF 2006  
21 (31 U.S.C. S 5362);

22 3. INTERACTIVE FANTASY SPORTS CONSIST OF FANTASY OR SIMULATION SPORTS  
23 GAMES OR EDUCATIONAL GAMES OR CONTESTS IN WHICH THE FANTASY OR SIMU-  
24 LATION SPORTS TEAMS ARE SELECTED BASED UPON THE SKILL AND KNOWLEDGE OF  
25 THE PARTICIPANTS AND NOT BASED ON THE CURRENT MEMBERSHIP OF AN ACTUAL  
26 TEAM THAT IS A MEMBER OF AN AMATEUR OR PROFESSIONAL SPORTS ORGANIZATION.  
27 AS GAMES OF SKILL, INTERACTIVE FANTASY SPORTS CONTESTS DO NOT FALL UNDER  
28 THE DEFINITION OF GAMBLING AS PROHIBITED BY THE PENAL LAW; AND

29 4. THE LEGISLATURE FURTHER FINDS THAT AS THE INTERNET HAS BECOME AN  
30 INTEGRAL PART OF SOCIETY, AND INTERACTIVE FANTASY SPORTS A MAJOR FORM OF

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets  
[ ] is old law to be omitted.

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1 ENTERTAINMENT FOR MANY CONSUMERS, ANY INTERACTIVE FANTASY SPORTS  
2 ENFORCEMENT AND REGULATORY STRUCTURE MUST BEGIN FROM THE BEDROCK PREMISE  
3 THAT PARTICIPATION IN A LAWFUL AND LICENSED INTERACTIVE FANTASY SPORTS  
4 INDUSTRY IS A PRIVILEGE AND NOT A RIGHT, AND THAT REGULATORY OVERSIGHT  
5 IS INTENDED TO SAFEGUARD THE INTEGRITY OF THE GAMES AND PARTICIPANTS AND  
6 TO ENSURE ACCOUNTABILITY AND THE PUBLIC TRUST.

7 S 1501. DEFINITIONS. AS USED IN THIS ARTICLE THE FOLLOWING TERMS SHALL  
8 HAVE THE FOLLOWING MEANINGS:

9 1. "COLLEGIATE SPORT OR ATHLETIC EVENT" MEANS A SPORT OR ATHLETIC  
10 EVENT OFFERED OR SPONSORED BY OR PLAYED IN CONNECTION WITH A PUBLIC OR  
11 PRIVATE INSTITUTION THAT OFFERS EDUCATION SERVICES BEYOND THE SECONDARY  
12 LEVEL.

13 2. "DIVISION" MEANS THE FANTASY SPORTS CONTESTS DIVISION WITHIN THE  
14 FINANCIAL FRAUDS AND CONSUMER PROTECTION UNIT ESTABLISHED UNDER SECTION  
15 FOUR HUNDRED THREE OF THE FINANCIAL SERVICES LAW.

16 3. "ENTRY FEE" MEANS CASH OR CASH EQUIVALENT THAT IS REQUIRED TO BE  
17 PAID BY A FANTASY CONTEST PLAYER TO A REGISTRANT TO PARTICIPATE IN A  
18 FANTASY CONTEST.

19 4. "HORSE RACING EVENT" MEANS ANY ATHLETIC OR SPORTING EVENT CONDUCTED  
20 IN NEW YORK STATE SUBJECT TO THE PROVISIONS OF THIS CHAPTER, OR ANY  
21 ATHLETIC OR SPORTING EVENT CONDUCTED OUTSIDE OF NEW YORK STATE, WHICH  
22 WOULD IF CONDUCTED IN NEW YORK STATE WOULD BE SUBJECT TO THE PROVISIONS  
23 OF THIS CHAPTER.

24 5. "INTERACTIVE FANTASY SPORTS" MEANS ANY FANTASY OR SIMULATED GAME OR  
25 CONTEST, IN WHICH:

26 (A) THE VALUE OF ALL PRIZES AND AWARDS OFFERED TO WINNING PARTICIPANTS  
27 ARE ESTABLISHED AND MADE KNOWN TO THE PARTICIPANTS IN ADVANCE OF THE  
28 CONTEST AND SUCH VALUE IS NOT DETERMINED BY THE NUMBER OF PARTICIPANTS  
29 OR THE AMOUNT OF ANY FEES PAID BY THOSE PARTICIPANTS;

30 (B) ALL WINNING OUTCOMES REFLECT THE RELATIVE KNOWLEDGE AND SKILL OF  
31 THE PARTICIPANTS AND SHALL BE DETERMINED PREDOMINANTLY BY ACCUMULATED  
32 STATISTICAL RESULTS OF THE PERFORMANCE OF INDIVIDUALS, INCLUDING  
33 ATHLETES IN THE CASE OF SPORTS EVENTS; AND

34 (C) NO WINNING OUTCOME IS BASED ON THE SCORE, POINT SPREAD, OR ANY  
35 PERFORMANCE OR PERFORMANCES OF ANY SINGLE ACTUAL TEAM OR COMBINATION OF  
36 SUCH TEAMS OR SOLELY ON ANY SINGLE PERFORMANCE OF AN INDIVIDUAL ATHLETE  
37 OR PLAYER IN ANY SINGLE ACTUAL EVENT.

38 NO INTERACTIVE FANTASY SPORTS GAME OR CONTEST SHALL BE OFFERED INVOLV-  
39 ING FANTASY OR SIMULATION SPORTS TEAMS BASED UPON A PROHIBITED SPORTS  
40 EVENT.

41 6. "INTERACTIVE FANTASY SPORTS GROSS REVENUE" MEANS THE TOTAL OF ALL  
42 SUMS PAID TO A REGISTRANT FROM INTERACTIVE FANTASY SPORTS INVOLVING  
43 AUTHORIZED PARTICIPANTS, LESS ONLY THE TOTAL OF ALL CASH, CASH EQUIV-  
44 ALENTS, AND PROMOTIONAL FANTASY SPORTS CREDITS PAID OUT TO PATRONS.

45 7. "INTERACTIVE FANTASY SPORTS PLATFORM" MEANS THE COMBINATION OF  
46 HARDWARE, SOFTWARE AND DATA NETWORKS USED TO MANAGE, ADMINISTER OR  
47 CONTROL ENTRY FEES ON INTERACTIVE FANTASY SPORTS OR THE CONTESTS WITH  
48 WHICH THOSE ENTRY FEES ARE ASSOCIATED.

49 8. "INTERNET" MEANS A COMPUTER NETWORK OF INTEROPERABLE  
50 PACKET-SWITCHED DATA NETWORKS.

51 9. "REGISTRANT" MEANS A PERSON WHO IS LICENSED BY THE DIVISION TO  
52 OFFER INTERACTIVE FANTASY SPORTS, USING AN INTERACTIVE FANTASY SPORTS  
53 PLATFORM TO AUTHORIZED PARTICIPANTS. A REGISTRANT MAY UTILIZE MULTIPLE  
54 INTERACTIVE FANTASY SPORTS PLATFORMS PROVIDED THAT EACH PLATFORM IS  
55 APPROVED BY THE DIVISION.

1 10. "NONCOMMERCIAL CONTEST OPERATOR" MEANS A PERSON WHO ORGANIZES AND  
2 CONDUCTS AN INTERACTIVE FANTASY SPORTS CONTEST, OR WHO MAKES AVAILABLE  
3 AN INTERACTIVE FANTASY SPORTS PLATFORM, WHEREBY CONTEST PARTICIPANTS MAY  
4 BE CHARGED ENTRY FEES FOR THE RIGHT TO PARTICIPATE THEREIN AND THE ENTRY  
5 FEES ARE COLLECTED, MAINTAINED AND DISTRIBUTED BY THE SAME PERSON,  
6 PROVIDED ALL ENTRY FEES ARE RETURNED TO THE PLAYERS IN THE FORM OF  
7 PRIZES OR OTHER EQUIVALENT.

8 11. "PROHIBITED PARTICIPANTS" MEANS: EMPLOYEES OF INTERACTIVE FANTASY  
9 SPORTS REGISTRANTS; OR INDIVIDUALS WHO HAVE ACCESS TO NON-PUBLIC CONFI-  
10 DENTIAL INFORMATION ABOUT INTERACTIVE FANTASY SPORTS CONTESTS; OR ANY  
11 PROFESSIONAL OR AMATEUR ATHLETE WHOSE PERFORMANCE MAY BE USED TO DETER-  
12 MINE THE OUTCOME OF A FANTASY SPORTS CONTEST; OR ANY SPORTS AGENT, TEAM  
13 EMPLOYEE, REFEREE, OR LEAGUE OFFICIAL ASSOCIATED WITH ANY SPORT UTILIZED  
14 FOR INTERACTIVE FANTASY SPORTS CONTESTS; OR INDIVIDUALS IN STATES WHERE  
15 THE CONDUCT OF INTERACTIVE FANTASY SPORTS IS PROHIBITED.

16 12. "PROHIBITED SPORTS EVENT" MEANS ANY COLLEGIATE SPORT OR ATHLETIC  
17 EVENT OR ANY HORSE RACING EVENT.

18 S 1502. REGISTRATION. 1. THE DIVISION SHALL, WITHIN ONE HUNDRED EIGHTY  
19 DAYS OF THE DATE THIS ARTICLE BECOMES LAW, PROMULGATE REGULATIONS TO  
20 IMPLEMENT INTERACTIVE FANTASY SPORTS IN THIS STATE AND SHALL PERMIT  
21 APPLICANTS TO OPERATE INTERACTIVE FANTASY SPORTS INVOLVING AUTHORIZED  
22 PARTICIPANTS, SUBJECT TO THE PROVISIONS OF THIS ARTICLE AND OTHER APPLI-  
23 CABLE PROVISIONS OF LAW.

24 2. NO PERSON, OTHER THAN A NONCOMMERCIAL CONTEST OPERATOR, MAY OPER-  
25 ATE, MANAGE OR MAKE AVAILABLE AN INTERACTIVE FANTASY SPORTS PLATFORM  
26 THAT IS OFFERED TO PERSONS LOCATED IN THIS STATE UNLESS REGISTERED BY  
27 THE DIVISION PURSUANT TO THIS ARTICLE AND ONLY THOSE GAMES REGISTERED  
28 WITH THE DIVISION SHALL BE PERMITTED. HOWEVER, IF AN APPLICANT FOR AN  
29 INTERACTIVE FANTASY SPORTS LICENSE WAS OFFERING INTERACTIVE FANTASY  
30 SPORTS CONTESTS TO NEW YORK RESIDENTS PRIOR TO NOVEMBER TENTH, TWO THOU-  
31 SAND FIFTEEN, THEY MAY CONTINUE TO OFFER THE SAME CONTESTS TO NEW YORK  
32 RESIDENTS DURING THE PENDENCY OF THEIR APPLICATION FOR REGISTRATION.

33 3. THE DIVISION SHALL REQUIRE ALL REGISTRANTS TO PAY A ONE-TIME FEE OF  
34 FIVE HUNDRED THOUSAND DOLLARS. SUCH FEE PAID BY EACH REGISTRANT SHALL BE  
35 APPLIED TO SATISFY, IN WHOLE OR IN PART, AS APPLICABLE, THAT REGIS-  
36 TRANT'S TAX OBLIGATION PURSUANT TO SECTION FIFTEEN HUNDRED FIVE OF THIS  
37 ARTICLE IN THIRTY-SIX EQUAL MONTHLY INSTALLMENTS, ALLOCATED TO EACH OF  
38 THE FIRST THIRTY-SIX MONTHS OF TAX OWED AFTER THE REGISTRANT HAS BEGUN  
39 OPERATION OF INTERACTIVE FANTASY SPORTS PURSUANT TO THIS ARTICLE. NO  
40 AMOUNTS NOT REQUIRED TO BE USED TO SATISFY SUCH TAX OBLIGATION DURING  
41 THAT PERIOD SHALL BE ALLOCATED TO PAYMENT OF SUCH TAX OBLIGATION AFTER  
42 THAT PERIOD.

43 4. REGISTRATIONS ISSUED BY THE DIVISION SHALL REMAIN IN EFFECT FOR TEN  
44 YEARS.

45 5. THE DIVISION MAY DELEGATE ITS RESPONSIBILITIES TO ADMINISTER THE  
46 PROVISIONS OF THIS ARTICLE TO THE DIVISION, AS IT SEES FIT, EXCEPT FOR  
47 ITS RESPONSIBILITIES TO APPROVE REGISTRATIONS.

48 6. NOTHING CONTAINED IN ARTICLE TWO HUNDRED TWENTY-FIVE OF THE PENAL  
49 LAW SHALL BE APPLICABLE TO AN INTERACTIVE FANTASY SPORTS CONTEST OFFERED  
50 BY A REGISTRANT IN ACCORDANCE WITH THE PROVISIONS OF THIS ARTICLE.

51 S 1503. REQUIRED SAFEGUARDS/MINIMUM STANDARDS. THE DIVISION SHALL  
52 REQUIRE REGISTRANTS TO IMPLEMENT THE FOLLOWING MEASURES FOR INTERACTIVE  
53 FANTASY SPORTS WITH AN ENTRY FEE:

54 1. PREVENT EMPLOYEES OF THE REGISTRANT, AND RELATIVES LIVING IN THE  
55 SAME HOUSEHOLD AS SUCH EMPLOYEES, FROM COMPETING IN ANY SUCH PUBLIC  
56 FANTASY SPORTS CONTEST.

1 2. PROHIBIT THE REGISTRANT FROM BEING A CONTEST PARTICIPANT IN SUCH A  
2 FANTASY SPORTS CONTEST THAT HE OR SHE OFFERS.

3 3. PREVENT THE EMPLOYEES OR AGENTS OF THE REGISTRANT FROM SHARING  
4 CONFIDENTIAL INFORMATION THAT COULD AFFECT SUCH FANTASY SPORTS PLAY WITH  
5 THIRD PARTIES UNTIL THE INFORMATION IS MADE PUBLICLY AVAILABLE.

6 4. VERIFY THAT CONTEST PARTICIPANT IS EIGHTEEN YEARS OF AGE OR OLDER.

7 5. RESTRICT AN INDIVIDUAL WHO IS A PLAYER, GAME OFFICIAL, COACH, OR  
8 OTHER PARTICIPANT IN A REAL-WORLD GAME OR COMPETITION FROM PARTICIPATING  
9 IN SUCH A FANTASY SPORTS CONTEST THAT IS DETERMINED IN WHOLE OR IN PART  
10 ON THE PERFORMANCE OF THAT INDIVIDUAL, THE INDIVIDUAL'S REAL-WORLD TEAM,  
11 OR THE ACCUMULATED STATISTICAL RESULTS OF THE SPORT OR COMPETITION IN  
12 WHICH HE OR SHE IS A PLAYER, GAME OFFICIAL, OR OTHER PARTICIPANT.

13 6. ALLOW INDIVIDUALS TO RESTRICT OR PREVENT THEIR OWN ACCESS TO SUCH A  
14 FANTASY SPORTS CONTEST AND TAKE REASONABLE STEPS TO PREVENT THOSE INDI-  
15 VIDUALS FROM ENTERING A FANTASY SPORTS CONTEST.

16 7. DISCLOSE THE NUMBER OF ENTRIES A SINGLE FANTASY SPORTS CONTEST  
17 PLAYER MAY SUBMIT TO EACH SUCH FANTASY SPORTS CONTEST AND TAKE REASON-  
18 ABLE STEPS TO PREVENT PLAYERS FROM SUBMITTING MORE THAN THE ALLOWABLE  
19 NUMBER.

20 8. ENSURE PARTICIPANTS' FUNDS ARE HELD IN ACCOUNTS SEGREGATED FROM THE  
21 FUNDS OF REGISTRANTS AND OTHERWISE PROTECTED FROM CORPORATE INSOLVENCY,  
22 FINANCIAL RISK OR CRIMINAL OR CIVIL ACTIONS AGAINST THE REGISTRANT.

23 9. PROTECT, TO A REASONABLE DEGREE OF CERTAINTY, THE PRIVACY AND  
24 ONLINE SECURITY OF PARTICIPANTS IN SUCH INTERACTIVE FANTASY SPORTS.

25 10. ENSURE, TO A REASONABLE DEGREE OF CERTAINTY, THE FAIRNESS AND  
26 HONESTY OF SUCH INTERACTIVE FANTASY SPORTS AND THAT APPROPRIATE MEASURES  
27 ARE IN PLACE TO DETER, DETECT AND, TO THE EXTENT REASONABLY POSSIBLE, TO  
28 PREVENT CHEATING, INCLUDING COLLUSION, AND USE OF CHEATING DEVICES,  
29 INCLUDING USE OF SOFTWARE PROGRAMS (SOMETIMES REFERRED TO AS "BOTS" OR  
30 "SCRIPTS") THAT PLACE ENTRY FEES OR ADJUST THE PLAYERS SELECTED BY A  
31 FANTASY SPORTS PARTICIPANT.

32 11. PREVENT PROHIBITED PARTICIPANTS FROM MAINTAINING ACCOUNTS OR  
33 ENTERING SUCH INTERACTIVE FANTASY SPORTS CONTESTS OFFERED BY ANY INTER-  
34 ACTIVE FANTASY SPORTS REGISTRANT.

35 12. MINIMIZE COMPULSIVE PARTICIPATION IN SUCH INTERACTIVE FANTASY  
36 SPORTS CONTESTS AND PROVIDE NOTICE TO PARTICIPANTS OF RESOURCES AVAIL-  
37 ABLE TO HELP COMPULSIVE PARTICIPATION IN FANTASY SPORTS CONTESTS.

38 S 1504. SCOPE OF REGISTRATION REVIEW. 1. THE DIVISION SHALL REQUIRE  
39 THAT EACH APPLICANT, OTHER THAN NONCOMMERCIAL CONTEST OPERATORS, SUBMIT  
40 AN APPLICATION SETTING FORTH:

41 (A) THE FULL NAME OF THE APPLICANT.

42 (B) IF A CORPORATION, THE NAME OF THE STATE IN WHICH INCORPORATED AND  
43 THE NAMES AND ADDRESSES OF THE OFFICERS, DIRECTORS, AND SHAREHOLDERS  
44 HOLDING FIVE PERCENT OR MORE EQUITY OR, IF A BUSINESS ENTITY OTHER THAN  
45 A CORPORATION, THE NAMES AND ADDRESSES OF THE PRINCIPALS, PARTNERS, OR  
46 SHAREHOLDERS HOLDING FIVE PERCENT OR MORE EQUITY.

47 (C) THE NAMES AND ADDRESSES OF THE ULTIMATE EQUITABLE OWNERS FOR A  
48 CORPORATION OR OTHER BUSINESS ENTITY, IF DIFFERENT FROM THOSE PROVIDED  
49 UNDER PARAGRAPH (B), UNLESS THE SECURITIES OF THE CORPORATION OR ENTITY  
50 ARE REGISTERED PURSUANT TO S 12 OF THE SECURITIES EXCHANGE ACT OF 1934,  
51 15 U.S.C. SS 78A-78KK; AND IF SUCH CORPORATION OR ENTITY FILES WITH THE  
52 UNITED STATES SECURITIES AND EXCHANGE COMMISSION THE REPORTS REQUIRED BY  
53 S 13 OF THAT ACT OR IF THE SECURITIES OF THE CORPORATION OR ENTITY ARE  
54 REGULARLY TRADED ON AN ESTABLISHED SECURITIES MARKET IN THE UNITED  
55 STATES.

1 (D) THE ESTIMATED NUMBER OF INTERACTIVE FANTASY SPORTS CONTESTS TO BE  
2 CONDUCTED ANNUALLY.

3 (E) A STATEMENT OF THE ASSETS AND LIABILITIES OF THE APPLICANT.

4 2. THE DIVISION MAY REQUIRE THE NAMES AND ADDRESSES OF THE OFFICERS  
5 AND DIRECTORS OF ANY DEBTOR OF THE APPLICANT, AND OF THOSE STOCKHOLDERS  
6 WHO HOLD MORE THAN TEN PERCENT OF THE STOCK OF THE DEBTOR.

7 3. FOR EACH INDIVIDUAL LISTED IN THE APPLICATION AS AN OFFICER OR  
8 DIRECTOR, A COMPLETE SET OF FINGERPRINTS THAT HAS BEEN TAKEN BY AN  
9 AUTHORIZED LAW ENFORCEMENT OFFICER. THESE SETS OF FINGERPRINTS MUST BE  
10 SUBMITTED TO THE FEDERAL BUREAU OF INVESTIGATION FOR PROCESSING. FOREIGN  
11 NATIONALS SHALL SUBMIT SUCH DOCUMENTS AS NECESSARY TO ALLOW THE DIVISION  
12 TO CONDUCT CRIMINAL HISTORY RECORDS CHECKS IN THE INDIVIDUAL'S HOME  
13 COUNTRY. THE APPLICANT MUST PAY THE COST OF PROCESSING. THE DIVISION MAY  
14 CHARGE A TWO DOLLAR HANDLING FEE FOR EACH SET OF FINGERPRINT RECORDS.

15 4. (A) A PERSON OR ENTITY IS NOT ELIGIBLE FOR LICENSURE AS A CONTEST  
16 OPERATOR OR THE RENEWAL OF A LICENSE IF THE PERSON OR AN OFFICER OR  
17 DIRECTOR OF THE ENTITY HAS BEEN CONVICTED OF A FELONY IN THIS STATE, A  
18 FELONY IN ANY OTHER STATE WHICH WOULD BE A FELONY IF COMMITTED IN THIS  
19 STATE UNDER THE LAWS OF THIS STATE, OR A FELONY UNDER THE LAWS OF THE  
20 UNITED STATES, OR IF THE APPLICANT FOR SUCH REGISTRATION HAS BEEN  
21 CONVICTED OF A FELONY OR MISDEMEANOR IN THIS STATE, IN ANY OTHER STATE,  
22 OR UNDER THE LAWS OF THE UNITED STATES, IF SUCH FELONY OR MISDEMEANOR IS  
23 RELATED TO GAMBLING OR BOOKMAKING.

24 (B) THE TERM "CONVICTED" MEANS HAVING BEEN FOUND GUILTY, WITH OR WITH-  
25 OUT ADJUDICATION OF GUILT, AS A RESULT OF A JURY VERDICT, NONJURY TRIAL,  
26 OR ENTRY OF A PLEA OF GUILTY OR NOLO CONTENDERE.

27 5. THE CONTEST OPERATOR SHALL PROVIDE EVIDENCE OF A SURETY BOND IN THE  
28 AMOUNT OF ONE MILLION DOLLARS, PAYABLE TO THE STATE, FURNISHED BY A  
29 CORPORATE SURETY AUTHORIZED TO DO BUSINESS IN THE STATE IN SUCH A FORM  
30 AS ESTABLISHED BY DIVISION RULE. SUCH BOND SHALL BE KEPT IN FULL FORCE  
31 AND EFFECT BY THE CONTEST OPERATOR DURING THE TERM OF THE LICENSE AND  
32 ANY RENEWAL THEREOF.

33 S 1505. STATE TAX. REGISTRANTS ENGAGED IN THE BUSINESS OF CONDUCTING  
34 INTERACTIVE FANTASY SPORTS PURSUANT TO THIS ARTICLE SHALL PAY A PRIVI-  
35 LEGE TAX, BASED ON THE REGISTRANT'S PERCENTAGE OF INTERACTIVE FANTASY  
36 SPORTS GROSS REVENUE GENERATED FROM NEW YORK PARTICIPANTS, AT A FIFTEEN  
37 PERCENT RATE.

38 S 2. Section 403 of the financial services law is amended by adding a  
39 new subsection (e) to read as follows:

40 (E) THE SUPERINTENDENT IS DIRECTED TO ESTABLISH WITHIN THE FINANCIAL  
41 FRAUDS AND CONSUMER PROTECTION UNIT A FANTASY SPORTS CONTESTS DIVISION  
42 WHICH SHALL HAVE THE POWER AND DUTY TO:

43 (I) ENFORCE THE PROVISIONS OF ARTICLE FIFTEEN OF THE RACING, PARI-MU-  
44 TUEL WAGERING AND BREEDING LAW;

45 (II) ACCEPT AND INVESTIGATE COMPLAINTS OF ANY KIND FROM CONSUMERS AND  
46 ATTEMPT TO MEDIATE SUCH COMPLAINTS WHERE APPROPRIATE;

47 (III) INITIATE PROPER ENFORCEMENT PROCEEDINGS WHERE SUCH ACTION IS  
48 DEEMED BY THE SUPERINTENDENT TO BE NECESSARY OR APPROPRIATE; AND

49 (IV) DEVELOP AND IMPLEMENT CONSUMER OUTREACH AND EDUCATION PROGRAMS  
50 CONSISTENT WITH THE OBLIGATIONS OF THE CONSUMER PROTECTION UNIT AS SET  
51 FORTH IN THIS SECTION.

52 S 3. This act shall take effect immediately; however, if an applicant  
53 for an interactive fantasy sports registration was offering interactive  
54 fantasy sports contests to New York residents prior to November 10,  
55 2015, they may continue to offer the same contests to New York residents  
56 during the pendency of their application.