



OwnersBox 3.0 Corporation
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Sent via email to: DOR_Gaming_RuleMaking@state.co.us

October 25, 2023

RE: Proposed Fantasy Contest Rulemaking

TO WHOM IT MAY CONCERN:

In response to the proposed rules (“Rules”) related to Colorado’s Fantasy Contests Act (“Act”) to be discussed at the upcoming Rulemaking Hearing on October 30, 2023, OwnersBox 3.0 Corporation (“OwnersBox”) submits the following comments to the Division of Gaming, Department of Revenue (“Division”) for consideration. OwnersBox has conducted business in the State of Colorado since our initial product launch in August 2020 and prides itself on being a compliant and innovative Fantasy Contest Operator.

OwnersBox seeks to identify issues in the Proposed Regulations in their current state that could inadvertently result in operational difficulties or impose significant burdens on compliant operators in your state.

Rule 1.3 Authorized Fantasy Contests

Proposed Rule Language:

FANTASY CONTESTS OFFERED PURSUANT TO PART 16, ARTICLE 30 OF TITLE 44, C.R.S., SHALL COMPLY WITH THE FOLLOWING RESTRICTIONS:

(1) FANTASY CONTESTS MUST REQUIRE AN ENTRY FEE, OFFER A PRIZE(S) TO THE PATRON(S), AND HAVE THE WINNING OUTCOME BASED ON THE UTILIZATION OF STATISTICS FROM MULTIPLE ATHLETES.

(2) ~~FANTASY CONTESTS SHALL INCLUDE CONTESTS WHERE PATRONS COMPETE AGAINST OTHER PATRONS.~~ CONTESTS THAT INCLUDE PARLAY STYLE WAGERS THAT ARE STACKED WAGERS ON SINGLE ATHLETES AGAINST FANTASY CONTEST PROVIDERS SHALL BE PROHIBITED.

(3) FANTASY CONTESTS BASED ON PROPOSITION STYLE PICKS WHERE A PATRON SELECTS INDIVIDUAL ATHLETES, SPECIFIC POSITIONS ON A TEAM, OR A COMBINATION OF ATHLETES TO OUTPERFORM OR UNDERPERFORM A PREDETERMINED FANTASY POINT SCORE OR OTHER INDIVIDUAL ATHLETE(S), POSITION(S), OR COMBINATION OF ATHLETES MUST INCLUDE THE FOLLOWING:

(A) THE SELECTION OF A MINIMUM OF TWO ATHLETES OR POSITIONS, OR THE UTILIZATION OF STATISTICS FROM A MINIMUM OF TWO ADDITIONAL ATHLETES OR POSITIONS.

(B) THE ATHLETES OR POSITIONS SELECTED MUST BE FROM AT LEAST TWO DIFFERENT TEAMS.



(C) THE OUTCOME OF THE CONTESTS MUST BE BASED ON THE ACCUMULATION OF FANTASY POINTS FROM ALL ATHLETES OR POSITIONS SELECTED.

(4) FANTASY CONTESTS MAY BE OF ANY DURATION BUT MUST SPECIFY A BEGINNING AND END.

(5) FANTASY CONTESTS THAT ARE FREE TO ALL PARTICIPANTS AND DO NOT REQUIRE AN ENTRY FEE ARE NOT REGULATED AS FANTASY CONTESTS.

Reason for Change:

OwnersBox acknowledges the industry's shared concern regarding the prevention of contests that might inadvertently resemble sports betting or proposition selection, masquerading as Fantasy Contests. However, it is important to note that not all house-based contests should be categorized as such. It is crucial to distinguish between those house-based contests that genuinely promote skill, knowledge, and participant interaction, as opposed to those that primarily involve chance or replicate traditional gambling activities. Categorically excluding all house-based contests may unfairly limit innovative, skill-based variations that can offer unique and engaging experiences while staying within the bounds of the Fantasy Contests Act.

CRS Section 44-30-1603(4), subsection (b) provides that for fantasy contests "All winning outcomes reflect the relative knowledge and skill of the participants and are determined predominantly by accumulated statistical results of the performance of athletes in sporting events..."

The provision does not explicitly state that contests against the house are prohibited. The language of the provision is intentionally broad, allowing for flexibility in the types of contests that can be offered. It focuses on ensuring that contests involve an element of skill and knowledge and are based on athletes' real-world performance data.

It is possible for fantasy products, such as OwnersBox's Lightning Lineups, to satisfy this requirement, even when a participant is playing against the house. This is because such contests require a participants' knowledge and skill of the athletes and sporting events during the lineup selection process to successfully identify the combination of players that will produce the best accumulated statistical result.

OwnersBox has collaborated with various regulatory authorities to develop a patron-against-house skill-based product that engages participants in interactive contests, fostering skill, knowledge, and involvement. This product is designed to align with all relevant fantasy contest rules, ensuring compliance while delivering an engaging experience.



Conclusion:

OwnersBox identifies the following issues with the proposed Colorado fantasy contest regulations:

Legitimate Single-Participant Contests: Single-player contests against the house can still incorporate skill and knowledge elements, especially if they involve choosing lineups and making strategic decisions based on athlete performance data. These contests can offer an engaging experience for participants.

Supporting Consumer Choice: Prohibiting single-player contests against the house would limit consumer choice and could stifle innovation in the fantasy contest industry. It is essential to allow for various contest formats to meet the preferences of a diverse user base.

Consistent with the Act's Objectives: The Act's primary objective is to regulate and ensure the fairness and integrity of fantasy contests. The emphasis on skill and athlete performance aligns with these objectives, whether in contests involving multiple participants or single participants playing against the house.

In conclusion, the provision's language should allow for various contest formats while maintaining the core requirement of skill and athlete performance. The proposed Rules should be inclusive of different contest types to support industry growth and consumer choice.

We appreciate your consideration of our comments and would be happy to discuss our thoughts further at your convenience.

Sincerely,

Brian Kipp
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