

## Could fantasy football land you in jail?

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*Jonathan Hasebe, an attorney at Gallagher & Kennedy.*

With football season here, fantasy leagues are scoring big with sports fans. But, what may throw many Arizonans for a loss is many sports fans' favorite pastime can also be a crime. The multi-billion dollar fantasy sports industry is illegal in Arizona, creating potential legal risks and gray areas for fantasy sport enthusiasts.

Since fantasy sports hit the scene, it has exploded in popularity and the professional sports leagues love it because of the marketing and exposure it generates for the leagues. In 2006, the federal government passed the Unlawful Internet Gambling Act. However, Congress made a specific exemption for fantasy sports, based on the belief that fantasy sports are rooted in skill and outcomes are based primarily on statistical results of the athletes. However, the industry is regulated on the state level.

"Arizona is a unique minority in the nation when it comes to fantasy sports," according to Jonathan Hasebe, an attorney at Gallagher & Kennedy.

Hasebe said Arizona state law differs with federal law, stating that fantasy sports are based on chance, not skill. This makes fantasy leagues that involve any kind of reward illegal.

Whether a specific fantasy league is legal in Arizona depends on where the league originates and the operating procedures of the league. Three ways exist for the league to be legal:

- The league does not play for money.
- If everyone participating is over the age of 21 and no entity outside of the contest benefits financially.
- If the league is conducted out of a regulated gambling establishment, like a tribal compact casino.

However, Arizonians cannot participate in nationwide fantasy sports leagues that involve reward because of the Arizona Gambling Law that states, "No other person, other than the player or players, derives a profit from the money paid to gamble." Contests that have an administrative fee disqualifies the league as an "amusement" or "social" gambling event under Arizona law. These contests include popular leagues run by ESPN and CBS.

Last year, State Sen. Adam Driggs attempted to change the standing law with Senate Bill 1468. The bill intended to set fantasy sports apart from gambling and outline the specifics for what is considered fantasy sport under state law. The Arizona Indian Gaming Association came out against the bill, which would have legalized and regulated fantasy sports gaming. The bill failed to reach the senate floor.

"Personally I have never heard of the law being enforced," Hasebe said.

But, Arizonians who participate are committing a misdemeanor. And under Arizona Chapter 33 of Title 13, which states, "benefiting from a game of chance" is prohibited, commissioners of leagues are committing a Class 5 felony.

The Fantasy Sports Trade Association reported that in 2013 there were more than 33.5 million people playing fantasy sports in the United States alone. It is not only illegal for Arizonans to partake in this national trend, Arizona is also missing out on the business and money-making opportunities that come along with the industry, according to Hasebe.