

Wanna Bet?

April 3, 2017

Fantasy Sports Bookies Recruit Deep Lobby Bench

When Texas Attorney General Ken Paxton issued his non-binding legal [opinion](#) that fantasy sports bets constitute illegal gambling on January 19, 2016, the affected industry appeared to have one registered Texas lobbyist.¹ By the end of 2016 the industry boasted 15 Texas lobby contracts worth up to \$270,000. That lobby push increased 80 percent this year to 25 Texas lobby contracts worth up to \$485,000.

Fantasy sports betting, which was largely overlooked and unregulated just three Super Bowls ago, has quickly become a legal and legislative lightning rod. The industry has fought insider trading and false-advertising allegations. Its bets are banned in at least five states and it has run into recent legal troubles in as many more. Fantasy sports cannot afford to abandon a Texas-sized market without a fight. About 7 percent of the 56 million fantasy sports players are Texans.



Sports fantasy

Fantasy Sports Lobby

Client	Max. Value Contracts In 2016	2016 Contract Count	Max. Value Contracts in 2017	2017 Contract Count
FanDuel Inc.	\$50,000	5	\$255,000	13
DraftKings Inc.	\$50,000	5	\$230,000	12
Fantasy Sports for All	\$120,000	3	\$0	0
Fantasy Sports Trade Assn.	\$50,000	2	\$0	0
TOTALS:	\$270,000	15	\$485,000	25

Fantasy sports players create fictional teams by cherry-picking players from various teams. They then bet on the outcome of these dream teams, which are determined by the players' statistics

rather than an actual match. The industry's legal troubles here and elsewhere often turn on the degree to which fantasy sports are considered games of skill or chance.

Valued at more than \$1 billion apiece, industry giants FanDuel and DraftKings announced [merger plans](#) last November. Part of the rationale for the marriage was to reduce spiraling legal and lobby costs. The companies announced the proposed merger two weeks after agreeing to pay \$12 million to [settle](#) false-advertising allegations brought by New York Attorney General Eric Schneiderman.

The ostensible competitors already had been acting in concert. The day of the New York settlement, for example, the Texas Republican Legislative Caucus reported receiving \$2,500 corporate contributions from both of the sports-fantasy giants.

The industry’s chief legislative defender, Rep. Richard Raymond, has introduced [HB 1457](#) (identical to [SB 1970](#)). It defines fantasy sports as a “game of skill” that does not involve illegal betting. The bill bars fantasy-sports employees from playing the game or trading insider information. Raymond also introduced [HB 1418](#) and [HB 1422](#), which are virtually identical to one another. They would require fantasy

operators to pay a \$5,000 annual fee to the Texas Secretary of State.

Another state agency, the Texas Lottery Commission, quietly but aggressively researched ways to get a piece of the fantasy sports business in 2015. Governor Abbott [directed](#) the agency to abandon those efforts after the *Dallas Morning News* [revealed](#) them. Agency documents obtained by that newspaper include one in which Texas fantasy-sports lobbyist Robert Cullen expressed concern that mounting scrutiny would prompt industry regulation and taxation.

Bills regulating the industry have been introduced this year in at least 25 states, according to the National Conference on State Legislatures. Lawmakers in this cash-strapped state do not yet appear to be proposing ways to extract tax revenue from the industry.

Texas’ top fantasy-sports lobbyist, Allen Blakemore, doubles as a political consultant. Austin bookies are taking odds on the extent to which Blakemore’s legislative clients will exceed their colleagues in backing the industry. •

Texas’ 2017 Fantasy Sports Lobbyists Play for Both FanDuel and DraftKings

Lobbyist	Max. Value of FanDuel Contracts	Max. Value of DraftKings Contracts	Max. Value of all Fantasy Contracts
Blakemore, Allen E.	\$50,000	\$50,000	\$100,000
Haney, Casey	\$25,000	\$50,000	\$75,000
White, David M.	\$50,000	\$10,000	\$60,000
Culley, Robert D.	\$25,000	\$25,000	\$50,000
Keel, Lara Laneri	\$25,000	\$25,000	\$50,000
Kelley, Russell T.	\$10,000	\$10,000	\$20,000
McGarah, Carol	\$10,000	\$10,000	\$20,000
Oney, Jessica	\$10,000	\$10,000	\$20,000
Rodriguez, Micah Anthony	\$10,000	\$10,000	\$20,000
Sachde, Sara	\$10,000	\$10,000	\$20,000
Toomey, Michael	\$10,000	\$10,000	\$20,000
Simmons, Carrie	\$10,000	\$10,000	\$20,000
Stern, Stacie	\$10,000	NA	\$10,000
TOTALS	\$255,000	\$230,000	\$485,000

Note

¹ The trade group Fantasy Sports for All signed former lawmaker Mike Toomey a week earlier.