

**FANDUEL INC. ADDENDUM**  
**FANTASY SPORTS TRADE ASSOCIATION RESPONSE**  
**TO QUESTIONS FOR THE RECORD**  
**MAY 11, 2016 HEARING**  
**SUBCOMMITTEE ON COMMERCE, MANUFACTURING AND TRADE**  
**COMMITTEE ON ENERGY AND COMMERCE**  
**U.S. HOUSE OF REPRESENTATIVES**

**Questions from the Honorable Frank Pallone**

**1. FanDuel and DraftKings declined to testify and were instead represented by the Fantasy Sports Trade Association (FSTA), of which they are both members. As I mentioned during the hearing, I would like to follow up on some of the questions I have for FanDuel and DraftKings that the FSTA was unable to answer in the hearing.**

- a. What percentage of FanDuel's players win money in an average week? And what percentage lose money?**
- b. What percentage of FanDuel players lose money? What about DraftKings players?**

Using a representative sample of data from the first seven weeks of the 2015 NFL season, FanDuel determined that approximately 21% of FanDuel players were net winners across all contests entered during the week. Further, on average, 56% of FanDuel's players win money in at least one contest in an average week.

- c. What was the most amount of money deposited into a FanDuel account by one player, one username, and/or one IP address in one given day? For DraftKings?**

FanDuel views specific user deposit information as confidential business information. We would be happy to provide the Committee with a verbal response. As a frame of reference, the average total yearly deposit for users that deposited money in 2015 was \$192.61. Calculated on a daily basis, the average daily deposit is 53 cents per day.

- d. What was the most amount of money won by one participant, username, and/or IP address playing FanDuel, across all games, contests, etc., in one day? And for DraftKings?**

The largest prize FanDuel has offered to a single winner is \$3,000,100, which FanDuel awarded to the winner of the World Fantasy Football Championship on December 13, 2015. The winner of the 2015 WFFC has the largest net and gross winnings for any player in a single day.

**e. What is the rake that FanDuel collects on each contest? What about DraftKings?**

FanDuel does not collect a “rake.” FanDuel offers a wide variety of contests with different entry fees and prizes. Occasionally, FanDuel pays more out in prizes than the entry fees collected. More frequently, FanDuel awards prizes that are less than it collects in entry fees for a particular contest. The difference between entry fees and prizes awarded in such instances is generally between 5 and 15%, with an average of approximately 10%.

**2. Last year, DraftKings applied for and received a gambling license in the United Kingdom. FanDuel also applied for a gambling license in the U.K. Yet, in the U.S. both companies maintain that DFS is not gambling.**

**a. What is FanDuel's rationale for getting a gambling license in the UK if DFS is not gambling?**

FanDuel associates itself with the FSTA’s answer to this question. FanDuel complies with the requisite legal regime for offering its fantasy sports product in every region, country or state in which it operates. In the U.K., that compliance requires obtaining the specific “licence” that FanDuel has been granted. Similarly, FanDuel will now be applying for fantasy contest operator licenses in those U.S. states where such licensure is required by law. As recent legislative developments have made clear, jurisdictions vary on whether licenses are required, what they are called, and who administers them.

**4. DraftKings prohibits its own employees and employees of other daily fantasy sports operators from playing on its site. FanDuel prohibits its employees from playing on its own site or other DFS sites.**

**a. How does FanDuel ensure that its employees are not playing on another DFS site? Do competitors share lists of users with FanDuel?**

**b. How does FanDuel ensure that its employees are not playing on another DFS site? Do competitors share lists of users with FanDuel?**

All FanDuel employees must sign the company’s Employee DFS Play Policy. This policy includes specific clauses stating that:

- FanDuel employees may not enter any publicly available, paid entry, or free roll contests that award cash or other prizes on the FanDuel Service.
- FanDuel employees may only use FanDuel’s platform to play in private, invitation-only leagues with other FanDuel employees with no entry fees. For example, employees may participate in company-sponsored contests or free entry private league or head-to-head contests against other employees.
- FanDuel employees shall provide FanDuel with any other username they may have used prior to employment at FanDuel. Such accounts shall be suspended during the employee’s tenure at FanDuel.

- FanDuel employees are forbidden from entering contests on any other non-FanDuel DFS service that charges entrance fees or offers cash or other prizes.

These signed documents are held by our legal department for the period of employment and for a period of time following the employee's departure from FanDuel. To monitor ongoing activity, all internal staff accounts use fanduel.com email addresses (with specific naming criteria for test accounts) and these accounts are monitored for prohibited activity.

To ensure employees do not play on DraftKings, FanDuel shares employee lists with DraftKings periodically with the expectation that DraftKings will suspend user accounts associated with FanDuel employee names and notify FanDuel if it knows of any play in violation of this policy.

FanDuel also solicits and accepts lists of employees from DraftKings and other competitors to enable it to exclude those disqualified individuals from playing on FanDuel's site. It frequently searches those lists against its player database to determine whether any have registered accounts. If FanDuel finds any matches, it suspends the account pending an investigation whether the individual is an employee of the competitor or if the match was a false positive.

- c. **As Professor Kurt Eggert mentioned in his testimony, employees have access to spreadsheets that show the players who are the biggest losers on the DFS sites. How does FanDuel ensure that those lists are not being used to invite those "losers" to head-to-head matches? What about DraftKings?**

FanDuel employees may not play on FanDuel's or any competitor's site and cannot use company data to invite individuals who win less frequently on FanDuel to head-to-head contests. FanDuel keeps a record of individual users' contest results, but does not, as Professor Eggert suggests, regularly keep spreadsheets of individuals who are less successful than others. Contest results may be used for certain customer service and game integrity analyses, but FanDuel's policies restrict access to and use of that information for other purposes.

FanDuel's employee play policy forbids employees "from accessing FanDuel Service Data (including but not limited to, personally-identifying information of past and present players, individual player history, lineup information, or non-public player ownership percentages) unless they are specifically authorized to do so for a specific business purpose related to their job function at FanDuel."

A select group of FanDuel employees has access to contest results data for limited business purposes such as providing customer support. FanDuel's employee play policy expressly forbids those employees from making use of any non-public data, including any information regarding individuals who have been less successful in FanDuel contests. That policy states:

Employees approved to access FanDuel Service Data as part of their job function may only access that information for the specific business purpose for which they have access, and not for personal gain, and MAY NOT share or make any other use of that information, including to discuss, publish, post or otherwise communicate or make available information about individual users, their success,

win rates, lineups, instances of customer support or behavior on the FanDuel Service or any other non-FanDuel DFS service, unless such disclosure is made, in an aggregate manner, in a public forum, with the advance written authorization (given either specifically or for a category of disclosures) by FanDuel's Chief Legal Officer or his or her designee.

**5. We have heard a number of complaints about daily fantasy sports advertising and I do not just mean the overabundance of their ads. Some are concerned that the advertisements suggest the ability to win more than is truly possible or fail to mention the statistical chance of actually winning. How does DraftKings ensure that its advertisements are not deceptive? What about FanDuel?**

FanDuel associates itself with FSTA's response to this question. FanDuel substantiates the contents of its advertisements, ensuring that the claims made are accurate when the advertisement is filmed or created. FanDuel regularly provides advertising copy to in-house and outside counsel to ensure that claims made are truthful and not misleading.