

**Fantasy Sports Trade Association Questions for the Record  
Hearing on “Daily Fantasy Sports: Issues and Perspectives”  
Subcommittee on Commerce, Manufacturing and Trade  
Energy and Commerce Committee  
Supplemental Responses: DraftKings**

- 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? What about DraftKings?**

DraftKings' user engagement varies considerably over the course of the year depending on the season and sport. For example, any week during the football season is going to be significantly different from a fantasy sports perspective than a week during any other time of year. From our perspective, then, the term “average” week just does not have meaning in this context. DraftKings offers a wide variety of contest types with a wide range of prize structures in several different sports. Contest types and award structures include tournaments (generally open to large groups with large prizes awarded to top finishers), head to head (face off against one opponent, winner takes all), 50/50 leagues (finish in the top half of the field and win), multipliers (winners multiply their entry fees up to 10x) and satellites and qualifiers (winners gain entry into contests with bigger prizes). The rules of each contest determine how many contestants will be winners and receive a prize. In 2015, 76% of active players won one or more contests that they entered.

- b. What percentage of FanDuel players lose money? What about DraftKings players?**

Most players do not boast undefeated records and will at some point lose at least one contest that they enter. Most DraftKings players compete using relatively small amounts that are comparable or lower than the cost of other entertainment expenses like going to a movie or concert. On DraftKings, the median entry fee is \$3 per contest, the median deposit is \$25, and the median number of lifetime deposits is one.

- 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?**

DraftKings has default deposit limits on user accounts of \$2,000 a day, \$4,000 a week, and \$6,000 per month. Users wishing to set lower limits for themselves may do so online by adjusting their account settings to a lower limit, choosing from a range of options down to the lowest of \$5 per day, week, or month. Users wishing to stop their play entirely may choose to self-exclude from the website and will not be permitted to use their existing account until the self-exclusion period has expired, and will be prevented from opening a new one.

Users who wish to increase their deposit limit must apply to the company to do so. DraftKings requires proof of financial ability in order to increase deposit limits. However, because of the small number of individuals involved at this level, there is the risk that releasing this information might be sufficient to determine a user's identity in violation of our privacy policy and our Terms of Use. In addition, we

consider such information to be confidential business information and competitively sensitive. Nonetheless, to put this issue in context, less than one tenth of one percent (0.03%) of all registered DraftKings users (this includes users who have never made a deposit) and only 0.07% of registered DraftKings users who have made a deposit have ever exceeded \$2,000 deposits in a single 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 single prize ever won by a DraftKings user was \$5 million in the Fantasy Football World Championship on January 17, 2016.

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

DraftKings does not collect a rake on contests, which is where an operator takes a set percentage or other cut of all money collected. For paid contests, DraftKings collects an entry fee from each player, and awards set, predetermined prizes to winners (which vary by game type). DraftKings' administrative fee for any individual game is therefore the difference between the total entry fees paid by players to participate in a contest, and the total amount of prizes paid out to winners. The maximum administrative fee DraftKings collects is approximately 10-12% of the total fees paid by contestants to participate in the contest. But because the prizes are set in advance, if a DraftKings guaranteed contest does not attract enough players, it may result in DraftKings paying out more in prizes than it collects in entry fees – a situation that is impossible where an operator collects a "rake."

**3. Last fall, Ethan Haskell, a DraftKings employee, was accused of using information he obtained in the course of his work to help his play on FanDuel's platform. An independent investigation cleared him of any wrongdoing, noting that he did not receive the information until his lineup was locked.**

**a. The report prepared by the law firm that conducted the "independent" investigation was not publicly released. Why did DraftKings not release that report?**

DraftKings released a detailed and accurate summary of the investigation report, available at <https://playbook.draftkings.com/press/draftkings-press-release-10192015/>. On advice of counsel, DraftKings did not release the report work product because it is protected by attorney-client privilege. Furthermore, the report contains competitively sensitive business information regarding DraftKings' analytics, systems, and procedures.

**b. Where did the information received by Mr. Haskell come from? Who sent it to him? Was that person playing DFS? Did that person gain an advantage from the information?**

DraftKings prepares aggregate player ownership information for public release after the contests lock. A DraftKings employee inadvertently provided Mr. Haskell with information relating to ownership of players in both locked and unlocked DraftKings contests (at a time after all FanDuel contests had

locked), and, unaware of the data related to unlocked contests, Mr. Haskell published the information prematurely. An independent investigation found that no person gained any advantage from the information.

- 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 DraftKings ensure that employees of other DFS operators are not playing? Do competitors share their employee lists with DraftKings?**

DraftKings' Terms of Use prohibit the participation of "an employee or operator of any daily fantasy site including any that charges entrance fees or offers prizes, and any Immediate Family Member of any such person."

DraftKings understands that some employees of DFS operators may have accounts which pre-existed either their employment or the implementation of the broad employee play prohibition last fall. Therefore, DraftKings and FanDuel exchange lists of the names and usernames of their employees. DraftKings ensures that FanDuel players do not participate on the DraftKings site by blocking FanDuel employees' existing accounts and adding the names of FanDuel employees to a list of restricted persons.

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

DraftKings policy prohibits employees from playing on other DFS sites. Any violation of this policy will result in disciplinary action up to and including termination of employment. Additionally, DraftKings provided a list of its employees to FanDuel so that FanDuel may block those employees from participating in its contests.

- 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 that those lists are not being used to invite those "losers" to head-to-head matches? What about DraftKings?**

DraftKings employees are prohibited from sharing confidential information such as user performance statistics with third parties. Furthermore, DraftKings prohibits its employees from playing in any public contests, and employees may only participate in private contests against relatives, other employees, and friends known personally to the employee. DraftKings employees participating in private contests against family, friends, and other employees are identified by usernames beginning with "DK" (ex: "DK-username").