

# Fantasy sports operators file suit to stay open in NY

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Fantasy sports websites DraftKings and FanDuel filed lawsuits on Friday seeking to avert a shutdown ordered by New York state officials, setting up a legal showdown.

The lawsuits contend that an order this week by state [attorney general](#) Eric Schneiderman is an improper use of administrative authority against legal businesses.

Fantasy sports—where participants select real-life players to create a "fantasy team" whose performance is pitted against others—have become wildly popular in the United States.

Schneiderman says they amount to illegal gambling, but the websites counter that they are games of "skill" and are seeking an injunction to allow them to remain open in New York, where any closure would hit them hard.

FanDuel said in its complaint that the New York attorney general's office "has taken the legally incorrect position that the presence of prize money in these contests transforms FanDuel's activities into illegal sponsorship of gambling."

The DraftKings suit accused the state official of "using strong-arm tactics and defying the rule of law" by sending a "cease-and-desist" letter to the company and then threatening legal action against its business partners.

Fantasy sports is a booming business that remains largely unregulated.

The multibillion-dollar industry came under fire this month over allegations of "insider trading" after revelations that an employee of DraftKings won \$350,000 on rival FanDuel.

The New York decision mirrors a similar ruling by authorities in Nevada last month, where the state attorney general said [fantasy sports](#) sites should be classified as sports betting, requiring licenses to operate.

FanDuel and DraftKings ceased operations in Nevada as a result, but the New York decision has far greater implications for both companies.

FanDuel's headquarters are in New York while DraftKings is based in Boston; both companies spend heavily promoting the games in New York.

A defiant Schneiderman said he was not backing down.

"The attorney general's job is to enforce New York State law and the law here is clear," he said.

"Online sports gambling sites are illegal in New York. DraftKings and FanDuel are operating illegal [sports](#) betting websites under New York law, causing the same kinds of social and economic harms as other forms of [illegal gambling](#)."

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