

PlayVS and Player Fraud: An Epic Fiasco

The \$405 million scholastic esports startup allegedly let fraudulent players participate in its tournaments.

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Photo via AAmp Studio

High school and collegiate esports organizer PlayVS allegedly misled "Fortnite" developer Epic Games by knowingly allowing players who were not enrolled in educational institutions to participate in its scholastic leagues starting in late 2020, according to six former PlayVS employees and one other person familiar with the matter.

While many PlayVS tournaments require players to pay their own entry fees (or their schools to pay on their behalf), Epic agreed under its partnership with PlayVS to pay the esports organizer a large flat fee that allowed for the company to waive its individual player entry fees, according to a source.

Ahead of the 2021 Spring Collegiate Season, PlayVS removed the verification process that required college students to validate their enrollment using their institution's email address, according to the former PlayVS employees. The company did not partner with a third-party verification service and did not validate enrollment until late into the 2021 Spring Season, those former employees said. That led to significant participation of players who were not enrolled in college, with player counts being reported back to Epic, according to the former employees.

In a written statement on Tuesday, a PlayVS spokesperson denied the allegations and said that "PlayVS and Epic maintain a healthy relationship." Epic Games declined to comment on the allegations against PlayVS.

PlayVS also allegedly withheld information from Epic regarding its high school leagues, according to several former employees.

After receiving pressure from its high school association partners to remove "Fortnite" and "Overwatch" because both are shooting games, PlayVS developed and launched a third-party league—called "Youth League." That league no longer required players to verify their enrollment in high school and was open to anyone who self-reported their age as 13 to 17. PlayVS management actively discouraged employees from notifying Epic that it had separated the two products,

according to several of the former employees.

One former employee estimated that between 1,700 and 2,000 people signed up to participate in the "Fortnite" Youth League events, and that PlayVS later flagged 300 to 400 players for misrepresentation of their age or student status. It did not notify Epic of the players it identified as fraudulent, according to sources.

In its spokesperson's statement, PlayVS said it "categorically denies all allegations of any attempt to mislead its partners, including Epic."

PlayVS and Epic Games [first signed a partnership in January 2020](#) that provided the former a license to run "Fortnite" high school and collegiate tournaments. In that deal, Epic also received a minor equity stake in PlayVS, according to two sources. PlayVS also provided company shares to other partners, including Riot Games, with whom it partners for officially licensed high school "League of Legends" tournaments.

Epic and PlayVS's partnership terminated in 2021 and the two currently do not have a working relationship. PlayVS, founded in 2018 by 25-year-old entrepreneur Delane Parnell, shut down its collegiate tournaments in December 2021, saying that it would focus solely on high school events.

Since then, PlayVS has become one of the most valuable and highly funded software startups in esports. The company is estimated to be worth \$405 million, according to Pitchbook, and it has raised more than \$106 million in venture capital in the past six years. Its investors include New Enterprise Associates, Samsung, Los Angeles Dodgers ownership-backed Elysian Park Ventures, the San Francisco 49ers,

Sean "Diddy" Combs, and the Softbank Innovation Fund, the world's largest tech venture capital fund. PlayVS was hatched out of Los Angeles-based incubator Science Inc., which provided Parnell with mentorship and guidance as he honed his idea prior to launch in 2017, and later signed on as one of its first investors the following year.

The company got its big break in early 2018 when it [signed an exclusive deal with the National Federation of State High School Associations](#), which includes more than 18,500 participant high schools in the U.S.

In his recently-published biography, *Ahead of the Game*, with the foreword by Diddy, Parnell told *Inc.* Magazine writer and the book's author, Kevin J. Ryan, [that he successfully sold the NFHS on a product before he had built it.](#)

Once the organization landed an in-person pitch meeting with the NFHS in Atlanta, Parnell recruited a staff of designers and engineers to quickly put together a product demo. He and Science Inc. co-founder Peter Pham presented it to the association, and two weeks later the NFHS called to tell Parnell that it wanted to partner with PlayVS.

Yet, over the past few years, the company has drawn fire for its tight grip over the high school esports industry. In a [recent piece by Upcomer](#), several non-profit organizations working with high schools on esports spoke out about their frustrations with PlayVS limiting their ability to operate in certain states and with certain schools.