

**ORDER 2021-175
IN RE SETTLEMENT AGREEMENT**

**POINTSBET INDIANA, LLC
d/b/a POINTSBET
21-PB-02**

After having reviewed the attached Settlement Agreement, the Indiana Gaming Commission hereby:

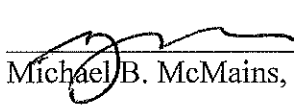
APPROVED

APPROVES OR DISAPPROVES

the proposed terms of the Settlement Agreement.

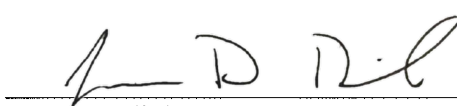
IT IS SO ORDERED THIS THE 29th DAY OF SEPTEMBER, 2021.

THE INDIANA GAMING COMMISSION:



Michael B. McMains, Chair

ATTEST:



Jason Dudich, Secretary

**STATE OF INDIANA
INDIANA GAMING COMMISSION**

IN RE THE MATTER OF:)	
)	SETTLEMENT
POINTSBET INDIANA, LLC)	21-PB-02
d/b/a POINTSBET)	

SETTLEMENT AGREEMENT

The Indiana Gaming Commission (“Commission”) by and through its Executive Director Greg Small and PointsBet Indiana, LLC d/b/a PointsBet (“PointsBet”), (collectively, the “Parties”) desire to enter into this settlement agreement (“Agreement”) prior to the initiation of a disciplinary proceeding pursuant to 68 IAC 13-1-18(a). The Parties stipulate and agree that the following facts are true:

FINDINGS OF FACT

COUNT I

1. 68 IAC 27-2-11 provides (a) a certificate of authority holder, vendor licensee, sports wagering service provider licensee, and a registrant have a continuing duty to maintain suitability for licensure. A license issued under this rule does not create a property right, but is a revocable privilege granted by the state contingent upon continuing suitability for licensure. (b) The sports wagering operators, sports wagering service providers, and registrant applicants are responsible for the following: (1) Ensuring that all aspects of the sports wagering operation are conducted in accordance with IC 4-33, IC 4-35, IC 4-38, 68 IAC, directives of the commission, applicable internal controls of the sports wagering operator, and all other state, federal, and local laws.
2. PointsBet’s approved internal controls procedures, 7.6, describe the procedures for Change Management.
3. On February 3, 2020, the Commission issued an updated Change Management Policy Directive to all sports wagering operators and platform providers, which provided that the Commission must be notified regarding all level 1, 2 and 3 changes made to the event wagering system prior to the deployment occurring.
4. On August 18, 2021, the Commission began an investigation after receiving an incident report for an unapproved update made to the sports wagering system at PointsBet. The incident report was authored by Senior Director Compliance and Regulatory Affairs.
5. On May 28, 2021, PointsBet changed a critical component of the PointsBet sportsbook platform without prior notice to the Commission. PointsBet inadvertently deployed the MarketLoader engine version targeted for the May release to production. MarketLoader is used by backoffice to upload prices for events. Prices are in excel and this engine only

takes the prices from excel and puts it in the database. PointsBet was prepping its user acceptance testing environment for the May release when it was accidentally deployed.

COUNT II

6. 68 IAC 27-2-11 provides (a) a certificate of authority holder, vendor licensee, sports wagering service provider licensee, and a registrant have a continuing duty to maintain suitability for licensure. A license issued under this rule does not create a property right, but is a revocable privilege granted by the state contingent upon continuing suitability for licensure. (b) The sports wagering operators, sports wagering service providers, and registrant applicants are responsible for the following: (1) Ensuring that all aspects of the sports wagering operation are conducted in accordance with IC 4-33, IC 4-35, IC 4-38, 68 IAC, directives of the commission, applicable internal controls of the sports wagering operator, and all other state, federal, and local laws.
7. PointsBet's approved internal controls procedures, 7.6, describe the procedures for Change Management.
8. On February 3, 2020, the Commission issued an updated Change Management Policy Directive to all sports wagering operators and platform providers, which provided that the Commission must be notified regarding all level 1, 2 and 3 changes made to the event wagering system prior to the deployment occurring.
9. On August 13, 2021, the Commission began an investigation after receiving notification from PointsBet of an unapproved change to a hash signature on one of the regulated controlled programs in its Indiana production sports wagering environment. PointsBet also provided that it was unaware at the time of the submission that a level 1 release note performed on April 23, 2021 for an IP change to its Cloudflare migration would alter the hash signature.
10. On April 29, 2021, PointsBet became aware of the hash signature change per the self-verification report. PointsBet subsequently notified the Commission. The hash signature in question is a regulated component certified by an independent gaming lab; therefore, this component is controlled and subject to the Commission's change management policy directive.

COUNT III

11. 68 IAC 27-1-2(16) defines a prohibited sports wagering participant as an individual listed on the commission's exclusion list kept under 68 IAC 6-1, that has a voluntarily excluded person status as defined under 68 IAC 6-3 or has signed up for the statewide internet self-restriction program.

12. 68 IAC 27-13-2(d) provides that sports wagering operators must restrict wagering by statewide Internet self-restriction participants and may not market to statewide Internet self-restricted participants.
13. 68 IAC 6-3 provides (a) each casino licensee and casino license applicant shall establish internal control procedures for compliance with this rule, which shall be submitted and approved under 68 IAC 11. (b) The internal controls must, at a minimum, address the following: (3) Refuse wagers from and deny gaming privileges to any voluntarily excluded person.
14. PointsBet's approved internal control procedures, Page 27, Chapter 5, subsection 5.2 describe the procedures for prohibited participants.
15. On August 13, 2020, Hollywood Casino provided a weekly file to PointsBet for sports wagering prohibited participants. One (1) of prohibited participants was excluded on August 5, 2020; however, PointsBet failed to exclude this prohibited participant. This prohibited participant made twenty-two (22) deposits totaling \$7,675 and placed 154 wagers totaling \$112,098.82 between December 13, 2020 and January 23, 2021. Between January 4, 2021 and January 19, 2021, the prohibited participant withdrew on three (3) different occasions totaling \$3,171.84. PointsBet closed the account on January 23, 2021 and credited back the prohibited participants net loss of \$4,502.52.

TERMS AND CONDITIONS

Commission staff alleges that the acts or omissions of PointsBet by and through its agents as described herein constitute a breach of IC 4-38, 68 IAC, and/or PointsBet's approved internal control procedures. The Commission and PointsBet hereby agree to a monetary settlement of the alleged violations described herein in lieu of the Commission pursuing formal disciplinary action against PointsBet.

PointsBet shall pay to the Commission a total of \$4,500 (\$1,000 for Count I, \$1,000 for Count II and \$2,500 for Count III) in consideration for the Commission foregoing disciplinary action based on the facts specifically described in the Findings of Fact contained in this Agreement. This Agreement extends only to those violations and findings of fact specifically alleged in the findings above. If the Commission subsequently discovers facts that give rise to additional or separate violations, the Commission may pursue disciplinary action for such violations even if the subsequent violations are similar or related to an incident described in the findings above.

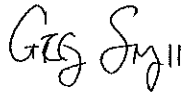
Upon execution and approval of this Agreement, Commission staff shall submit this Agreement to the Commission for review and final action. Upon approval of the Agreement by the Commission, PointsBet agrees to promptly remit payment in the amount of \$4,500 and waive all rights to further administrative or judicial review.

This Agreement constitutes the entire agreement between the Parties. No prior or subsequent understandings, agreements, or representations, oral or written, not specified or referenced within this document will be valid provisions of this Agreement. This Agreement may not be modified, supplemented, or amended, in any manner, except by written agreement signed by all Parties.

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original agreement and both of which shall constitute one and the same agreement. The counterparts of this Agreement may be executed and delivered by electronic mail, facsimile, or other electronic signature by either of the parties and the receiving party may rely on the receipt of such document so executed and delivered electronically as if the original had been received.

This Agreement shall be binding upon the Commission and PointsBet.

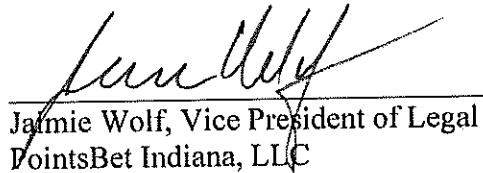
IN WITNESS WHEREOF, the Parties have signed this Agreement on the date and year as set forth below.



Greg Small, Executive Director
Indiana Gaming Commission

9/28/21

Date



Jamie Wolf, Vice President of Legal
PointsBet Indiana, LLC

9/24/21

Date