

**ORDER 2021-97
IN RE SETTLEMENT AGREEMENT**

**BETFAIR INTERACTIVE US, LLC d/b/a FANDUEL SPORTSBOOK
21-FD-01**

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 25th DAY OF MAY, 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**
BETFAIR INTERACTIVE US, LLC) **21-FD-01**
d/b/a FANDUEL SPORTSBOOK)

SETTLEMENT AGREEMENT

The Indiana Gaming Commission (“Commission”) by and through its Executive Director Sara Gonso Tait and Betfair Interactive US, LLC d/b/a FanDuel Sportsbook (“FanDuel”), (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. IC 4-38-5-4(a) provides a certificate holder or vendor may accept wagers on professional and collegiate sporting events approved for sports wagering by the commission, and other events as approved by the commission. A certificate holder or vendor may use data selected in a manner approved by the commission to determine whether a wager is a winning wager.
2. Chapter 7, Section 1(a) and (b) of the Emergency Rules for Sports Wagering provide before accepting wagers on any event category from patrons, a sports wagering operator must receive event category approval from the executive director or the executive director’s designee. The sports wagering operator shall provide notice to the executive director or the executive director’s designee and such notice shall include the name of the sports governing body and a description of its policies and procedures regarding event integrity. The commission reserves the right to prohibit the acceptance of any wagers, and may order the cancellation of wagers and require refunds on any event for which wagering would be contrary to the public policies of the state.
(b) The commission will post approved event categories to its website.
3. On July 23, 2019, the Commission issued a directive on approved events for sports wagering which indicated that collegiate events shall be limited to NCAA Division I sports.
4. On December 15, 2020, the Commission’s Gaming Enforcement Investigator was notified by Fan Duel’s Director, Legal and Regulatory Affairs that Sport Radar, Fan Duel’s college basketball pricing/data provider had pushed a Division I vs non-Division I’s men’s college basketball event and wagers were able to placed on this event in Indiana. The game offered was between Texas State (Division I) and Our Lady of the

Lake University (NAIA). One hundred and eighty-one (181) straight wagers and one hundred eighty-eight (188) parlays were placed on this event. This event was offered at the retail locations at Blue Chip Casino and Belterra Casino as well as online on Fan Duel's mobile application. Five (5) wagers were taken at Belterra and three hundred and sixty-four (364) were taken online.

COUNT II

5. Chapter 2, Section 2(b)(5) of the Emergency Rules for Sports Wagering provides an application for a sports wagering certificate of authority or vendor license shall include relevant contracts related to the sports wagering activities the applicant will provide.
6. IC 4-38-7-1 provides a person must hold a license issued under this chapter before operating as a sports wagering service provider with a certificate holder, a vendor, or an applicant for a certificate of authority under IC 4-38-4 or a vendor's license.
7. Chapter 2, Section 2(c) of the Emergency Rules for Sports Wagering provides an application for a sports wagering service provider license shall include the following information:
 - (1) The name, address and legal information of the applicant.
 - (2) A description of all sports wagering services, equipment, devices, and supplies offered for sale or lease by the applicant in connection with sports wagering.
 - (3) Details regarding the corporate form of the applicant.
 - (4) Organizational and ownership charts of the applicant.
 - (5) Disclosure of any criminal, civil, or administrative action brought against the applicant.
 - (6) Description of all other licenses held by the applicant.
 - (7) Information regarding any testing, certifications, or approvals on any component required to provide sports wagering services or products from any authorized independent gaming laboratory or other gaming jurisdictions.
8. On August 11, 2020, the Commission's Background and Financial Investigations Division was completing a review of Fan Duel's sports wagering vendor licensing application when it was determined that Power Leisure Bookmakers Limited ("PLBL") was listed as a data provider; however, Fan Duel did not provide any copies of contracts or agreements with PLBL as required by the sports wagering vendor application.

Commission staff corresponded with Fan Duel's Outside Counsel who confirmed that Fan Duel does contract PLBL as a data provider. PLBL provides a data feed to Fan Duel on multiple markets including risk management and pricing/odds.

9. On August 31, 2020, PLBL submitted a Commission Supplier Licensing Inquiry form which provided that PLBL would be doing business with Fan Duel by managing risk associated with sports wagering including setting and adjusting the betting lines and point spreads.

10. On September 1, 2020, PLBL was advised that they would need to hold a sports wagering service provider license.
11. On February 22, 2021, the Commission's Director of Sports Wagering followed up with Fan Duel on the status of PLBL's licensing application.
12. On February 24, 2021, PLBL submitted the licensing application to the Commission.
13. On March 7, 2021, the Commission issued a temporary sports wagering service provider license to PLBL.

COUNT III

14. Chapter 12, Section 2 of the Emergency Rules for Sports Wagering provides that a full identity check must be undertaken before a patron is allowed to place a wager as follows:
 - (1) Only patrons at least twenty-one (21) years of age may deposit funds or participate in wagering. The sports wagering operator must deny the ability to deposit funds or participate in wagering to any person that submits a birth date that indicates the person is under the legal participation age.
 - (2) Patron verification must use commercially reasonable standards to confirm that the patron is not a prohibited sports wagering participant.
 - (3) Details of patron verification must be kept in a secure manner.
 - (4) Third-party service providers may be used for age and identity verification of patrons.
 - (5) The operator must have a documented policy for the handling of patrons discovered to be using an account in a fraudulent manner, including, but not limited to:
 - (A) the maintenance of information about any patron's activity, such that if fraudulent activity is detected, the regulatory body has all of the necessary information to take appropriate action;
 - (B) the suspension of any patron account discovered to be providing access to fraudulent patrons; and
 - (C) the treatment of deposits, wagers, and wins associated with a fraudulent patron's account.
15. Fan Duel's approved internal control procedures, Patron Accounts, Page 23, specify that all patrons must pass a KYC check to wager.
16. On December 16, 2020, the Director, Legal and Regulatory Affairs for Fan Duel notified the Commission's Sports Wagering Investigator that following a software release on Fan Duel's player account management system, a bug was introduced and affected patrons who failed some aspect of the know your customer ("KYC") verification process or were flagged as potentially matching against a state self-exclusion list. Based on these two (2) factors, the patrons should have been marked as both not verified and excluded but were instead marked as verified and excluded. An investigation determined that for roughly two (2) months while this bug existed, six (6) patrons wagered on Fan Duel without successfully completing the KYC verification process.

The six (6) patrons placed a total of one hundred sixty-four (164) wagers prior to being verified through KYC. None of these patrons were prohibited participants or minors.

COUNT IV

17. Chapter 1, Section 18(1) of the Emergency Rules for Sports Wagering provides that a prohibited sports wagering participant is an individual that is prohibited under IC 4-38 from participating in sports wagering.
18. IC 4-38-5-11 provides a person who is less than twenty-one (21) years of age may not make a wager under this article and therefore, is a prohibited participant.
19. Chapter 13, Section 4(a) of the Emergency Rules for Sports Wagering provides a sports wagering operator shall make all reasonable attempts to ensure that prohibited sports wagering participants do not receive direct marketing from the sports wagering operator.
20. On December 22, 2020, the Director, Legal and Regulatory Affairs for Fan Duel notified the Commission's Sports Wagering Investigator that beginning in July 2020, a settings error occurred with Fan Duel's back-up KYC verification provider. As a result of the error, a number of underage patrons between the ages of 18 and 20 were inadvertently verified on Fan Duel's sportsbook platform during the KYC process when they should have failed due to being underage. These customers satisfied KYC verification; however, their age successfully flagged them as "ineligible" in the subsequent mandatory eligibility filter which prohibited them from depositing, wagering, or taking any other wagering-related actions on the platform.

Due to the erroneous KYC verification, underage individuals received marketing emails related to wagering. A total of thirty-two (32) underage individuals in Indiana received the direct marketing emails.

TERMS AND CONDITIONS

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

FanDuel shall pay to the Commission a total of \$9,000 (\$1,500 for Count I, \$3,000 for Count II, \$3,000 for Count III and \$1,500 for Count IV) and ensure that all wagers placed on all unapproved events are voided and the original wager is returned to the player 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, FanDuel agrees to: 1) promptly remit payment in the amount of \$9,000; 2) ensure that all wagers placed on all unapproved events are voided and the original wager is returned to the player; and 3) 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 FanDuel.

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

Sara Gonso Tait, Executive Director
Indiana Gaming Commission



Alex Smith, Sr Director of Regulatory
Operations
Betfair Interactive US, LLC

Date

May 13, 2021

Date

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Sara Gonso Tait, Executive Director
Indiana Gaming Commission

5/24/21

Date

Alex Smith, Director of Legal and
Regulatory Affairs
Betfair Interactive US, LLC

Date