

**ORDER 2022-17  
IN RE SETTLEMENT AGREEMENT**

**PALA INTERACTIVE, LLC.  
22-PI-01**

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

**APPROVED**

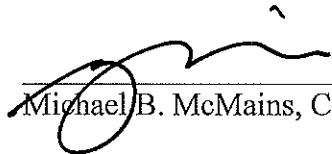
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APPROVES OR DISAPPROVES


the proposed terms of the Settlement Agreement.

**IT IS SO ORDERED THIS THE 8<sup>th</sup> DAY OF MARCH 2022.**

**THE INDIANA GAMING COMMISSION:**

  
\_\_\_\_\_  
Michael B. McMains, Chair

ATTEST:

  
\_\_\_\_\_  
Jason Dudich, Secretary

**STATE OF INDIANA  
INDIANA GAMING COMMISSION**

<b>IN RE THE MATTER OF:</b>	)	
	)	<b>SETTLEMENT</b>
<b>PALA INTERACTIVE, LLC.</b>	)	<b>22-PI-01</b>
	)	

**SETTLEMENT AGREEMENT**

The Indiana Gaming Commission (“Commission”) by and through its Executive Director Greg Small and Pala Interactive, LLC (“Pala”), (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 27-2-16(d) provides, except as outlined in this section, occupational licensing of an employee, independent contractor, agent or subagent of a sports wagering operator shall be governed by IC 4-33-8 and 68 IAC 2-3.
2. 68 IAC 2-3-9.2(b)(1) requires the occupational licensee to notify the Commission of separation on a form prescribed or approved by the Commission.
3. 68 IAC 2-3-9.2(c) requires the notification must be submitted to the Commission within fifteen (15) days of the occurrence of the change or action.
4. On August 10, 2021, a, Board Member & Shareholder of Pala, a Level 1 licensee, resigned.
5. On September 3, 2021, the Board Member appeared on a September 2021 Commission Renewal Report stating that the licensee needed renewal.
6. On September 15, 2021, Outside Counsel for Pala, submitted a renewal for the Board Member, as well as five (5) others. The Commission renewed the license that day, as the renewals were three (3) months late. The Commission subsequently sent an email to the Outside Counsel and Pala to identify an incorrect title for the Board Member and one (1) other person. The Outside Counsel responded and noted that he would be filing a request to withdraw the Board Member’s license.
7. On October 14, 2021, a Commission Investigator emailed the Commission’s Background and Financial Directors to alert them that on October 12, 2021, she was informed the Board Member would be formally withdrawing his application. The Outside Counsel advised the Investigator that the applicant previously sent notice of resignation to the Board, but the Board took some time to decide on how to proceed. The Board Member’s membership

interest was redeemed for warrants. The Outside Counsel also indicated he would try to have the withdrawal sent by end of week.

8. On December 8, 2021, the Commission reached out to inquire about the situation, as no additional information was provided to Commission. The Outside Counsel produced a separation from service form and submitted to the Commission.
9. Pala failed to submit a termination form for a Level 1 licensee for five (5) months. The form was 105 days late.

## COUNT II

10. 68 IAC 27-2-16(d) provides, except as outlined in this section, occupational licensing of an employee, independent contractor, agent or subagent of a sports wagering operator shall be governed by IC 4-33-8 and 68 IAC 2-3.
11. 68 IAC 2-3-8(b) provides an occupational licensee must request renewal of the license on a form prescribed by the commission no less than thirty (30) days before the expiration of the occupational license.
12. On May 3, 2021, the Commission's Gaming Administrator sent an email correspondence to Pala that included a renewal report for occupational licensees. The renewal report included each licensee that was expiring and also included the date of expiration of each license.
13. On June 3, 2021, the Commission's Gaming Administrator sent an email correspondence to Pala that included a renewal report for occupational licensees. The renewal report included each licensee that was expiring and also included the date of expiration of each license.
14. On July 6, 2021, the Commission's Gaming Administrator sent an email correspondence to Pala that included a renewal report for occupational licensees. The renewal report included each licensee that was expiring and also included the date of expiration of each license.
15. On August 3, 2021, the Commission's Gaming Administrator sent an email correspondence to Pala that included a renewal report for occupational licensees. The renewal report included each licensee that was expiring and also included the date of expiration of each license.
16. On September 3, 2021, the Commission's Gaming Administrator sent an email correspondence to Pala that included a renewal report for occupational licensees. The renewal report included each licensee that was expiring and also included the date of expiration of each license.
17. A Senior Systems Administrator, a VP of Support and Payments, a Lead Systems Engineer and a Developmental Operations Manager, all level (2) licensees, were listed on all of the renewal reports. All licenses expired on July 28, 2021, except for the Developmental Operations Manager. That license expired on July 7, 2021. The licenses were renewed in October 1, 2021.

### **COUNT III**

18. 68 IAC 27-12-2(2) provides a full identity check must be undertaken before a patron is allowed to place a wager and patron verification must use commercially reasonable standards to confirm that the patron is not a prohibited sports wagering participant.
19. On December 29, 2021, Betway notified the Commission that a TIN verification check, which was to occur at account registration, was deactivated. The TIN verification check was deactivated by Pala during an IT system health check. A total of 1,526 accounts were processed successfully despite the TIN verification being deactivated between October 25, 2021, and December 22, 2021. All new accounts registered were KYC verified with IDology, however, the patron's TIN was not verified by Sovos, as required by the IC's.
20. On December 22, 2021, Pala reactivated the TIN verification checks through the back office to ensure all new account registrations undergo the expected TIN verification.

### **TERMS AND CONDITIONS**

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

Pala shall pay to the Commission a total of \$5,500 (\$500 for Count I, \$4,000 for Count II and \$1,000 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, Pala agrees to promptly remit payment in the amount of \$5,500 and shall 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 Pala.

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

  
\_\_\_\_\_  
Bradley Gibson, CFO  
Pala Interactive, LLC

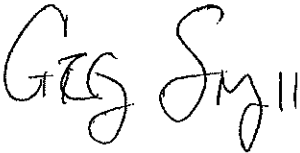
\_\_\_\_\_  
Date

Feb 24, 2022.  
\_\_\_\_\_  
Date

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This Agreement shall be binding upon the Commission and Pala.

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\_\_\_\_\_  
Greg Small, Executive Director  
Indiana Gaming Commission

\_\_\_\_\_  
Bradley Gibson, CFO  
Pala Interactive, LLC

3/8/22

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date