

**ORDER 2022-42
IN RE SETTLEMENT AGREEMENT**

**PENN SPORTS INTERACTIVE, LLC
d/b/a BARSTOOL SPORTSBOOK
22-PSI-01**

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

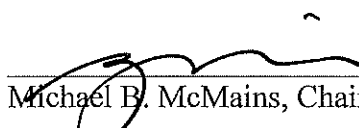
APPROVED

APPROVES OR DISAPPROVES

the proposed terms of the Settlement Agreement.


IT IS SO ORDERED THIS THE 8th DAY OF MARCH, 2022.

THE INDIANA GAMING COMMISSION:



Michael B. McMains, Chair

ATTEST:



Jason Dudich, Secretary

**STATE OF INDIANA
INDIANA GAMING COMMISSION**

IN RE THE MATTER OF:)	
)	SETTLEMENT
PENN SPORTS INTERACTIVE, LLC)	22-PSI-01
d/b/a BARSTOOL SPORTSBOOK)	

SETTLEMENT AGREEMENT

The Indiana Gaming Commission (“Commission”) by and through its Executive Director Greg Small and Penn Sports Interactive, LLC d/b/a Barstool Sportsbook (“PSI”), (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(b)(1) provides the sports wagering operators, sports wagering service providers, and registrant applicants are responsible for 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. 68 IAC 27-11-1(b) provides the executive director shall approve technical specifications for geolocation systems and any specific requirements related to geofence technology.
3. On July 30, 2019, the Commission issued a Directive on Technical Standards for Sports Wagering System–Geolocation Requirements. Part III, 1(d), provides that a geolocation check must be conducted immediately upon the detection of a change of the patron’s internet protocol (“IP”) address.
4. On February 3, 2020, the Commission issued an updated Change Management Policy Directive to all sports wagering operators and platform providers. All changes to the sports wagering system must comply with this policy. Per the update, the Commission must be notified regarding all level 1, 2 and 3 changes made to the event wagering system prior to the deployment occurring. Any change implemented by the platform provider that substantially impacts geolocation is a level 3, high impact change. A level 3 geolocation change shall trigger an automatic recertification requirement of the updated or new feature.
5. On August 19, 2021, the Commission’s Sports Wagering Division received an emergency release note from PSI to apply a change to their online Sportsbook. The release note provided that GeoComply found that PSI was not compliant in New Jersey, specifically, that only the web browser feature of the Sportsbook would not conduct a new geolocation check when a user, using their web browser would change their internet protocol (IP) address from WIFI

to LTE. This caused a few second delay in geolocation recheck. release note provided that a fix was performed. The fix made sure the IP address was always tracked while a user was logged into the platform, and if there was an IP address change, a new geolocation check would be conducted.

6. PSI conducted a full investigation and determined there were no occurrences of a wager being placed inappropriately without a geolocation check. No patrons were allowed to wager outside of Indiana during this time.
7. On August 23, 2021, PSI confirmed that the geolocation flaw was found in preparation for the New Jersey launch, and that it did affect the Indiana platform. PSI was not in compliance with the Commission's Technical Standards for geolocation. Additionally, this change required a re-certification of the regulated component. In preparation for online sportsbook launches in CO, VA, TN, and AZ, PSI had GLI certification for those states which it shared with IGC, showing that the Geocomply bug had been resolved and tested.
8. As of November 19, 2021, PSI had not obtained re-certification in Indiana. Upon request by IGC, PSI immediately requested GLI to complete a re-certification.

COUNT II

9. 68 IAC 27-12-1(a) provides a sports wagering operator shall limit each patron to one (1) active and continuously used sports wagering account and username.
10. PSI's approved internal control procedures, Section 4, describe the procedures for the online sports wagering accounts.
11. On August 31, 2021, the Commission's Sports Wagering Division received a correspondence from PSI that an issue was discovered relating to duplicate account creation. PSI reported that on July 12, 2021, they identified that the logic being used by White Hat Gaming ("WHG") was not properly identifying and suspending accounts that were being created with duplicate identity information to existing PSI accounts. PSI's Engineering Team identified two (2) PSI accounts that possessed the same social security number. Upon discovering that both accounts appeared to have been created from the same identification, PSI immediately suspended the user's accounts. PSI commenced an investigation to discover and remedy the error that allowed the user to create and operate a duplicate account, and to determine if other individuals possessed active duplicate accounts on the platform. A review was able to determine that an additional eight (8) accounts in Indiana had duplicate accounts. No deposits, wagers or withdrawals were completed on these duplicate accounts. Four (4) of the duplicate accounts completed bonus fund wagering with bonuses awarded automatically during registration. These accounts were permanently suspended. PSI implemented an interim mechanism to manually review new registrations and screen for any potential duplicate accounts until a permanent change in the WHG logic could be implemented.
12. In September 2021, PSI and WHG implemented new logic to prevent duplicate accounts.

TERMS AND CONDITIONS

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

PSI shall pay to the Commission a total of \$4,500 (\$3,000 for Count I and \$1,500 for Count I 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, PSI agrees to promptly remit payment in the amount of \$4,500 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 PSI.

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

Date

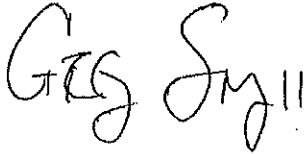


Rhea Loney, VP of Compliance &
Regulatory Affairs
Penn Sports Interactive, LLC d/b/a Barstool
Sportsbook

March 2, 2022

Date

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

3/8/22

Date

Rhea Loney, VP of Compliance &
Regulatory Affairs
Penn Sports Interactive, LLC d/b/a Barstool
Sportsbook

Date