

**ORDER 2023-84
IN RE SETTLEMENT AGREEMENT
SEMINOLE HARD ROCK DIGITAL
23-HRD-01**

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

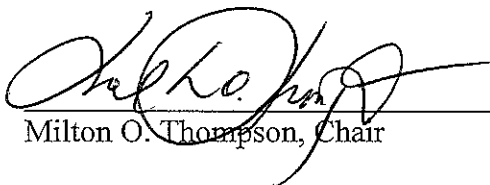
APPROVED

APPROVES OR DISAPPROVES

the proposed terms of the Settlement Agreement.

IT IS SO ORDERED THIS THE 15th DAY OF JUNE, 2023.

THE INDIANA GAMING COMMISSION:


Milton O. Thompson, Chair

ATTEST:


Charles Cohen, Commissioner

STATE OF INDIANA
INDIANA GAMING COMMISSION

IN RE THE MATTER OF:)
)
SEMINOLE HARD ROCK DIGITAL) SETTLEMENT
) 23-HRD-01
)

SETTLEMENT AGREEMENT

The Indiana Gaming Commission (“Commission”) by and through its Executive Director Greg Small and Seminole Hard Rock Digital (“Hard Rock Digital”), (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 January 26, 2023, the Commission received a separation from service notification from Hard Rock Digital through LAM, the Commission’s occupational licensing system. The notification provided that five (5) Customer Service Specialists had separation dates of September 23, 2022 (126 days following separation), November 9, 2022 (79 days following separation), December 5, 2022 (53 Days following separation), December 8, 2022 (50 days following separation) and December 23, 2022 (35 days following separation) and one (1) Customer Service Supervisor with a separation date of December 12, 2023 (46 days following separation). The Commission was not notified in a timely manner.

COUNT II

5. IC 4-38-5-4(a) states 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.

6. 68 IAC 27-7-1 provides 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 sport's 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 negatively impact the integrity of sports wagering in the state.
7. Hard Rock Digital's approved internal control procedures, Page 15(I), provide the process for submitting or receiving approval of all types of wagers available to be offered by the system.
8. On January 11, 2023, Hard Rock Digital self-reported to the Commission that they had accepted wagers on unapproved events in Indiana between September 6, 2022, and January 7, 2023. An incident report provided to the Commission provided that the Director of Sportsbook Operations and the Director of Trading report to the Senior VP of Sportsbook. Both Directors had been tasked with implementing market and event trading gating processes that complied with applicable regulatory requirements on a state-by-state basis. To achieve this task, the Directors deployed across department team whose responsibility was to review and approve or restrict markets and events prior to them being offered to players on the wagering system.
9. In December 2022, the Director of Trading resigned, and the Senior VP of Sportsbook reviewed the scope of all trading and gating processes. During this review, the Senior VP of Sportsbook became concerned with the procedures previously implemented when a data query identified betting activity on competitions which seemed unlikely to have been approved. The Senior VP of Sportsbook believed the appropriate procedures were in place, but may not have been executed effectively. Steps were immediately taken to address this issue.
10. During the investigation, it was also determined that when markets and events were provided to Hard Rock Digital by its data suppliers, which includes an extensive catalog of global sports, the trading team incorrectly gated off certain markets and events due to human error in the implementation of the trading gating process. Hard Rock Digital's VP of Regulatory Compliance confirmed that the system automatically opened gates when information was received from their data feeds on a new market, meaning that the market would open to Hard Rock Digital players pending manual review. There was a default setting for "open" and which should not have been configured as such.
11. On December 31, 2022, the Senior VP of Sportsbook alerted the Hard Rock Digital Compliance team that certain unauthorized markets and events may have been made available to players.

12. On January 11, 2023, Hard Rock Digital reported the issue to the Commission.
13. On January 12, 2023, Hard Rock Digital's Technology and Product team implemented a modification to the trading system to further facilitate event-gating. With this modification, every gate on the wagering system was automatically "closed" and each market and event were reviewed so that a determination would be made whether to re-open the trading gate for each such market and event. As a result of this technical modification, a manager at the Hard Rock Digital's Sportsbook Team as of January 12, 2023, must review each market and event to check the permissibility in each jurisdiction and manually "open" gates for authorized markets and events. Starting at that time, a review of the manual additions of the markets and events were then reviewed and confirmed by Senior Members of the Hard Rock Digital Sportsbook Team. At that time, Hard Rock Digital's Technology and Product Team advised they were still working towards a technical solution that would limit manual errors in the future. Hard Rock Digital has confirmed that all technical changes contemplated have been deployed.
14. On January 17, 2023, Hard Rock Digital's Compliance Committee reviewed and approved a new Trading Quality Assurance and Audit Policy setting forth specific requirements related to publishing markets and events in the sports wagering system and verification of such market and events to ensure only authorized markets and events are made available to players.
15. On March 7, 2023, Hard Rock Digital's VP of Regulatory Compliance provided a list of accounts to the Commission that were refunded. 394 players were refunded a total of \$236,867.72. This included the 2,099 unapproved losing wagers in Indiana: \$193,982.72 is attributed to 1,573 single wagers and \$42,885 is attributed to 563 parlay wagers.
16. On March 31, 2023, the Senior VP of Sportsbook advised that Hard Rock Digital only refunded the players who had losing wagers, including parlay wagers which included both approved and unapproved events. Free bets and winning wagers were not refunded.
17. There were sixty-five (65) unapproved events offered by Hard Rock Digital.

TERMS AND CONDITIONS

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

Hard Rock Digital shall pay to the Commission a total of \$67,500 (\$2,500 for Count I and \$65,000 for Count II) 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, Hard Rock Digital agrees to promptly remit payment in the amount of \$67,500 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.

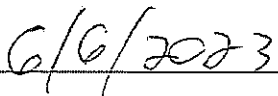
This Agreement may be executed in multiple counterparts, each of which shall be deemed an original agreement and both of which shall constitute one and the same agreement. The counterparts of this Agreement may be executed and delivered by electronic mail, facsimile, or other electronic signature by 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 Hard Rock Digital.


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



Danielle Boyd, VP Regulatory and
Compliance
Seminole Hard Rock Digital

June 5, 2023

Date