

**ORDER 2022-37
IN RE SETTLEMENT AGREEMENT**

**CHURCHILL DOWNS INTERACTIVE
GAMING, LLC d/b/a TWINSPIRES
22-CDIG-01**

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

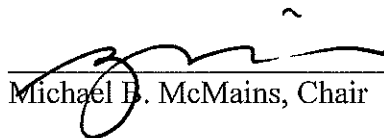
APPROVED

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
CHURCHILL DOWNS INTERACTIVE)	22-CDIG-01
GAMING, LLC d/b/a TWINSPIRES)	

SETTLEMENT AGREEMENT

The Indiana Gaming Commission (“Commission”) by and through its Executive Director Greg Small and Churchill Downs Interactive Gaming, LLC d/b/a TwinSpires (“CDIG”), (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 2-3-8(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.
3. On October 4, 2021, the Commission’s Assistant Director of Licensing sent an email correspondence to CDIG that included a renewal report for occupational licensees. The renewal report included each licensee that was expiring and the date of expiration of each license.
4. On November 3, 2021, the Commission’s Assistant Director of Licensing sent an email correspondence to CDIG that included a renewal report for occupational licensees. The renewal report included each licensee that was expiring and the date of expiration of each license.
5. On December 3, 2021, the Commission’s Assistant Director of Licensing sent an email correspondence to CDIG that included a renewal report for occupational licensees. The renewal report included each licensee that was expiring and the date of expiration of each license.
6. On January 3, 2022, the Commission’s Assistant Director of Licensing sent an email correspondence to CDIG that included a renewal report for occupational licensees. The renewal report included each licensee that was expiring and the date of expiration of each license.

7. A Supervisor, a level two (2) licensee, was listed on all four (4) renewal reports. The Supervisor's license expired on December 11, 2021. The license was renewed on January 18, 2022. Occupational licensing was shut down from the January 7, 2022, through January 18, 2022, for the launch of LAM. Absent the shutdown period, the Supervisor worked on an expired license for twenty-seven (27) days.

COUNT II

8. 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.
9. 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.
10. 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.
11. On October 8, 2021, the Commission received a separation from service form from CDIG for a Hybrid Support Representative, showing a separation date of August 31, 2021. The Commission was not notified in a timely manner.

COUNT III

12. 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.
13. 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.
14. 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.
15. On December 30, 2021, CDIG's Technical Compliance sent an incident report from GAN to the Commission. The incident report provided that as a part of the certification process for CDIG's New Jersey platform, GeoComply performed tests on the GAN/GeoComply integration. The report indicated that GeoComply reported to GAN that the iOS/Android solution did not make a geolocation call after the connection type was changed from static to mobile, or when the connection type was changed from mobile back to static. The report also provided that GeoComply reported that there was only one (1) geolocation call being made upon successful login with either a static or

mobile connection. When the IP connection type (mobile/static) was changed and the app was left open for two (2) minutes, a wager was successfully placed, and did not trigger a geolocation check in the GeoComply back office. GAN and CDIG were not aware of the issue until it was raised by GeoComply.

16. Upon receiving the GeoComply feedback, GAN's technical teams proactively checked to see if the issues existed on the CDIG MI iOS app. The team managed to reproduce the issue and confirmed that the call was not made after the connection type was changed. GAN identified that when making a call to the GeoComply API to determine if a GeoComply check was necessary, the GeoComply API returned a false identification, and the GeoComply check was not performed. GAN continued to investigate and was able to determine when this specific issue was first introduced to the platform. Geolocation re-checks were unaffected by this issue and were being performed at the correct re-check frequency. GAN developed a fix to be implemented in the shared framework in order to resolve the issue.

COUNT IV

17. 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 ("VEP") status as defined under 68 IAC 6-3 or has signed up for the statewide internet self-restriction program ("ISRP").
18. 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.
19. 68 IAC 6-3(b)(3) provides each casino licensee and casino license applicant shall establish internal control procedures for refusing wagers from and denying gaming privileges to any voluntarily excluded person.
20. CDIG's approved internal control procedures, Section 11, describes the procedures for prohibited participants.
21. The Commission's Sports Wagering Division performed a prohibited participant audit for CDIG. The results of this audit found fifty-one (51) errors: twenty-five (25) prohibited participants were not restricted and twenty-six (26) data discrepancies. A discrepancy is defined as an incorrect name and/or an incorrect date of birth.

TERMS AND CONDITIONS

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

CDIG shall pay to the Commission a total of \$16,063 (\$1,000 for Count I, \$500 for Count II, \$2,500 for Count III and \$12,063 for Count IV) 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, CDIG agrees to promptly remit payment in the amount of \$16,063 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 CDIG.

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



Katrina Gross, Compliance Analyst
CDIG Interactive Gaming, LLC. d/b/a
Twinspires

Date

3/2/2022

Date

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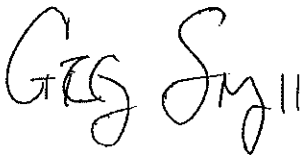
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Greg Small, Executive Director
Indiana Gaming Commission

3/8/22

Date

Katrina Gross, Compliance Analyst
CDIG Interactive Gaming, LLC. d/b/a
Twinspires

Date