

**ORDER 2022-39
IN RE SETTLEMENT AGREEMENT**

**CROWN IN GAMING LLC
d/b/a DRAFTKINGS
22-DK-01**

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

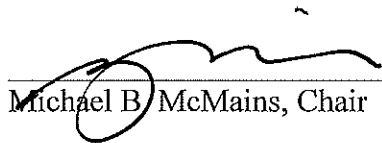
APPROVED

APPROVES OR DISAPPROVES

the proposed terms of the Settlement Agreement.

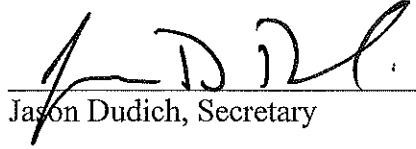
IT IS SO ORDERED THIS THE 8th DAY OF MARCH, 2022.

THE INDIANA GAMING COMMISSION:



Michael B. McMains, Chair

ATTEST:



Jason Dudich, Secretary

**STATE OF INDIANA
INDIANA GAMING COMMISSION**

IN RE THE MATTER OF:)	
)	SETTLEMENT
CROWN IN GAMING LLC)	22-DK-01
d/b/a DRAFTKINGS)	

SETTLEMENT AGREEMENT

The Indiana Gaming Commission (“Commission”) by and through its Executive Director Greg Small and Crown IN Gaming LLC d/b/a DraftKings (“DraftKings”) (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. DraftKings’ approved internal control procedures, Page 25, describes the procedures for change management.
3. 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. The Commission must be notified regarding all level 1, 2 and 3 changes made to the event wagering system prior to the deployment occurring. Notices may include multiple changes that are to be introduced concurrently.
4. On August 24, 2021, the Commission’s Sports Wagering Division reviewed an incident report from DraftKings. The incident report provided that on June 21, 2021, the DraftKings Sportsbook Engineering Division deployed a test branch for a future release of its Bookie service to production rather than tickets for approved release. The Bookie service handles the retrieval of wager history for patrons and had no impact on patrons attempting to retrieve their history. The test branch, which was intended for internal use only, was deployed by DraftKings AWS server in error. DraftKings’s Release Management team noticed the error on a hash data report. DraftKings requested that the testing branch be removed from production, and the correct Bookie tickets were deployed on June 22, 2021.

5. On June 28, 2021, the Commission's Sports Wagering Division verified the hash signature of the Bookie file. A hash signature is a digital fingerprint or digital signature. Anytime a file has been altered, changed, or modified, the hash signature will change. The Bookie was a critical component file and a Level 1 change. DraftKings failed to obtain approval from the Commission prior to deploying a code change that affected a hash signature.

COUNT II

6. 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).
7. 68 IAC 27-5-2(2)(F) provides the internal control procedures for the sports wagering system shall provide procedures to prevent wagering by prohibited sports wagering participants. However, an individual that has enrolled for a statewide internet self-restriction is only restricted from placing wagers online or via mobile device.
8. 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.
9. 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.
10. DraftKings's approved internal control procedures, Page 49-50, describes the procedures for prohibited participants.
11. The Commission's Sports Wagering Division performed a prohibited participant audit for DraftKings. The results of this audit found one hundred seventeen (117) prohibited participants were not restricted and were able to create a sports wagering account with DraftKings. Twenty-eight (28) prohibited participants had the following wagering activity: \$175,159.23 deposited, \$731,426.86 wagered, \$726,556.05 won and \$216,552.24 withdrawn.

COUNT III

12. 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.
13. 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.

14. 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.
15. On November 8, 2021, the Commission received a separation from service form from DraftKings for a Customer Service Agent, showing a separation date of January 22, 2021. The Commission was not notified in a timely manner.

TERMS AND CONDITIONS

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

DraftKings shall pay to the Commission a total of \$26,938 (\$1,000 for Count I, \$25,438 for Count II and \$500 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, DraftKings agrees to promptly remit payment in the amount of \$26,938 and 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 DraftKings.

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

Karl Gambin

Karl Gambin, Director of Regulatory
Operations
Crown IN Gaming LLC d/b/a DraftKings

03/01/2022

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

Karl Gambin, Director of Regulatory
Operations
Crown IN Gaming LLC d/b/a DraftKings

Date