

# ARTICLE 26. PAID FANTASY SPORTS

## Rule 1. General Provisions

### 68 IAC 26-1-1 Applicability

Authority: IC 4-33-24-13

Affected: IC 4-33-24

Sec. 1. This article applies to paid fantasy sports. (*Indiana Gaming Commission; 68 IAC 26-1-1; filed Jan 22, 2018, 3:49 p.m.: 20180221-IR-068170224FRA*)

### 68 IAC 26-1-2 Purpose

Authority: IC 4-33-24-13

Affected: IC 4-33-24

Sec. 2. The purpose of the paid fantasy sports rules is to ensure the following:

(1) Administering IC 4-33-24.

(2) Providing for the prevention of practices detrimental to the public interest of paid fantasy sports.

(3) Establishing rules concerning application and licensure for game operators.

(*Indiana Gaming Commission; 68 IAC 26-1-2; filed Jan 22, 2018, 3:49 p.m.: 20180221-IR-068170224FRA*)

### 68 IAC 26-1-3 Definitions

Authority: IC 4-33-24-13

Affected: IC 4-33-2; IC 4-33-24; IC 4-35-2

Sec. 3. The definitions in IC 4-33-2, IC 4-33-24, IC 4-35-2, 68 IAC 1, and the following definitions apply throughout this article:

(1) "Accumulated statistical result" means the total points awarded to individuals, including athletes, based upon the scoring guidelines to be provided by the game operator.

(2) "Age and identity verification" means a method, system, or device used by a game operator to verify the validity of a game participant's age and the game participant's identity.

(3) "Cash equivalent" as used in IC 4-33-24-5(2) and IC 4-33-24-9(5) means any noncash asset or thing of value that may be used by a game participant as an entry fee into a paid fantasy sports game.

(4) "Dormant account" means a paid fantasy sports game participant account that has had no game participant activity for a period of three (3) years.

(5) "Entry fee" means cash or cash equivalents that are required to be paid by a game participant to a game operator in order to participate in a paid fantasy sports game.

(6) "Funds of game participants" means the cash or cash equivalents that are owned by the game participants, are maintained in individual game participant accounts, and are not commingled with the game operator's operational funds.

(7) "Game operator employee" means any individual employed by a game operator and includes all officers, directors, trustees, and principal salaried executive staff officers. It shall also include contractors of game operators that have access to confidential information, as defined by IC 4-33-24-3.

(8) "Geolocation" means the identification of the real-world geographic location of a paid fantasy sports game participant.

(9) "Paid fantasy sports game platform" means a website, smart phone or tablet application, or other portal providing access to a paid fantasy sports game.

(10) "Proxy server" means a computer server that allows a game participant to disguise his or her computer's geolocation when accessing a game operator's paid fantasy sports game platform.

(11) "Relative" means:

(A) spouse (other than a spouse who is legally separated from the individual under a decree of divorce or separate maintenance);

(B) parent;

- (C) grandparent;
- (D) child;
- (E) grandchild;
- (F) sibling;
- (G) uncle;
- (H) aunt;
- (I) nephew;
- (J) niece;
- (K) first cousin;
- (L) father-in-law;
- (M) mother-in-law;
- (N) son-in-law;
- (O) daughter-in-law;
- (P) brother-in-law; or
- (Q) sister-in-law;

whether by whole or half blood, marriage, adoption, or natural relationship.

(12) "Script" means a list of commands that a paid fantasy sports game related computer program can execute to automate processes on a paid fantasy sports game platform.

(13) "Segregated account" means a financial account that segregates the funds of game participants, such that the game operator's operational funds may not be commingled.

(14) "Verification" means a method used by a paid fantasy sports game system or device to verify the validity of software of critical components.

*(Indiana Gaming Commission; 68 IAC 26-1-3; filed Jan 22, 2018, 3:49 p.m.: 20180221-IR-068170224FRA)*

## **Rule 2. Internal Control Procedures**

### **68 IAC 26-2-1 Submission, approval, amendments, and emergency procedures of internal control procedures**

Authority: IC 4-33-24-13

Affected: IC 4-33

Sec. 1. The internal control procedures in this article are subject to the following:

- (1) Amendment procedures contained within 68 IAC 11-1-4.
- (2) Emergency procedures contained within 68 IAC 11-1-5.

*(Indiana Gaming Commission; 68 IAC 26-2-1; filed Jan 22, 2018, 3:49 p.m.: 20180221-IR-068170224FRA)*

### **68 IAC 26-2-2 Internal controls**

Authority: IC 4-33-24-13

Affected: IC 4-33; IC 5-14; IC 20-18-2-4; IC 20-18-2-7

Sec. 2. (a) The game operator must submit for approval under 68 IAC 11 internal controls for the following:

- (1) Procedures to handle security incidents, which may include system failures, loss of service, breaches of confidentiality, and malicious intrusion.
- (2) In addition to the normal contingency plans, these internal controls shall include the following:
  - (A) Analysis and cause of the security incident.
  - (B) Containment.
  - (C) Planning and implementation of corrective action to prevent recurrence.
  - (D) Communication with those affected by or involved with recovery from the security incident.
  - (E) Reporting of the action to the executive director or executive director's designee.
- (3) Action to recover from security breaches and correct system failures shall be carefully and formally controlled; the

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procedures shall ensure the following:

- (A) Only clearly identified and authorized personnel are allowed access to live systems and data.
  - (B) Emergency actions taken are documented in detail.
  - (C) Emergency action is reported to management and reviewed in an orderly manner.
  - (D) The integrity of the paid fantasy sports game platform is confirmed with minimal delay.
  - (E) Reporting of the action to the executive director or executive director's designee.
- (4) Testing to ensure that the paid fantasy sports game platform meets or exceeds current industry standards.
  - (5) Notifying game participants of potential tax liabilities and providing required federal and state tax forms when a game participant has six hundred dollars (\$600) or more in net winnings in a calendar year.
  - (6) Identifying and prohibiting self-restricted game participants.
  - (7) Confirming age and identity verification protocol to prohibit game participants that are less than eighteen (18) years of age from participating in paid fantasy sports games and to authenticate the legal name and physical address of each game participant. Details of the age and identity verification must be kept in a secure manner.
  - (8) Instituting a process to close out dormant accounts.
  - (9) Verifying geolocation system to establish game participant geographic location.
  - (10) Segregating game participant account funds from a game operator's operational funds.
  - (11) Maintaining the security of identity and financial information of game participants.
  - (12) Preventing game operator employees, or a licensee with whom the game operator has entered into a contract, and any relative of a game operator employee living in the household of the game operator employee, from competing in a paid fantasy sports game where the cash prize exceeds five dollars (\$5).
  - (13) Preventing an owner, director, or officer of the game operator, or a licensee with whom the game operator has entered into a contract, from being a game participant in a paid fantasy sports game offered by the game operator.
  - (14) Preventing game operator employees, or a licensee with whom the game operator has entered into a contract, from sharing confidential information that could affect paid fantasy sports game play with third parties until the information is made publicly available.
  - (15) Preventing an individual who is a player, game official, or other participant in an actual sporting event or competition from participating in a paid fantasy sports game that is determined in whole or in part on the performance of that individual, the individual's actual team, or the accumulated statistical results of the sporting event or competition in which the individual is a player, game official, or other participant.
  - (16) Disclosing the number of paid fantasy sports games a game participant may enter, and preventing game participants from entering into more than the maximum number of allowed paid fantasy sports games.
  - (17) Maintaining a reserve in the form of cash, cash equivalents, an irrevocable letter of credit, a bond, or a combination of these sources that is equal to the amount of money deposited in paid fantasy sports game accounts of game participants.
  - (18) Detecting and preventing the misuse of proxy servers.
  - (19) Preventing the use of unauthorized scripts.
  - (20) Withholding winnings from delinquent child support obligors in accordance with IC 4-33-24.
  - (21) Preventing the advertisement of paid fantasy sports contests in any publication or medium that is aimed exclusively at juveniles, or advertising a paid fantasy sports contest and running promotional activities concerning a paid fantasy sports contest at any of the following:
    - (A) Elementary schools, as defined by IC 20-18-2-4.
    - (B) High schools, as defined by IC 20-18-2-7.
    - (C) Sports venues used exclusively for:
      - (i) elementary school, as defined by IC 20-18-2-4; or
      - (ii) high school, as defined by IC 20-18-2-7;student sports activities.
  - (22) Any other internal control deemed necessary by the executive director or the executive director's designee.
- (b) The game operator shall submit internal control procedures to the commission for review and approval within one hundred eighty (180) days after submitting an application for licensure.
  - (c) The game operator shall stamp or otherwise mark each page of the internal control procedures submitted to the

commission with the word "CONFIDENTIAL" if the material submitted is not subject to disclosure under IC 4-33 or IC 5-14. (*Indiana Gaming Commission; 68 IAC 26-2-2; filed Jan 22, 2018, 3:49 p.m.: 20180221-IR-068170224FRA*)

### **Rule 3. Game Operator Licensure**

#### **68 IAC 26-3-1 Game operator license required**

Authority: IC 4-33-24-13

Affected: IC 4-33-24

Sec. 1. Subject to IC 4-33-24 and this article, no one may offer a paid fantasy sports game to game participants located within the state of Indiana without holding a game operator license. (*Indiana Gaming Commission; 68 IAC 26-3-1; filed Jan 22, 2018, 3:49 p.m.: 20180221-IR-068170224FRA*)

#### **68 IAC 26-3-2 Applications**

Authority: IC 4-33-24-13

Affected: IC 4-33-24

Sec. 2. (a) To obtain a license to conduct paid fantasy sports games, a game operator must submit a written application on the form or forms prescribed by the commission.

(b) The application shall include the following information:

(1) The name and address of the game operator.

(2) The names, addresses, and telephone numbers of the officers of the game operator.

(3) The type of allowable paid fantasy sports games the game operator proposes to conduct.

(4) Verification that the requirements set forth in IC 4-33-24 have been met.

(5) Any other information required by the commission for the purpose of administering this article.

(c) An applicant is under a continuing duty to disclose any changes in the information submitted to the commission. (*Indiana Gaming Commission; 68 IAC 26-3-2; filed Jan 22, 2018, 3:49 p.m.: 20180221-IR-068170224FRA*)

#### **68 IAC 26-3-3 Licensing process**

Authority: IC 4-33-24-13

Affected: IC 4-33

Sec. 3. An application for a game operator license shall be subject to the following process:

(1) Applicant must submit a complete application, including the application fee described in IC 4-33-24 and all required attachments.

(2) The commission shall begin investigating the applicant.

(3) The commission may issue a temporary game operator license in accordance with this rule.

(4) Upon completing its investigation of the applicant, the commission shall grant or deny the application.

(5) If the commission grants the application, it shall issue a permanent game operator license.

(6) The executive director may require different or additional licensing procedures to ensure compliance with IC 4-33 and this article.

(*Indiana Gaming Commission; 68 IAC 26-3-3; filed Jan 22, 2018, 3:49 p.m.: 20180221-IR-068170224FRA*)

#### **68 IAC 26-3-4 License fees**

Authority: IC 4-33-24-13

Affected: IC 4-33-24

Sec. 4. (a) The license fees described in IC 4-33-24 shall be paid at the time the application for licensure is submitted to the commission and are nonrefundable.

(b) If a game operator withdraws its application for an initial license or a license renewal, in writing, prior to issuance of the license or grant of the renewal the game operator will still be required to pay for the outstanding cost of any investigation.

(c) An application for a game operator license may not be withdrawn without leave of the executive director or the executive director's designee. (*Indiana Gaming Commission; 68 IAC 26-3-4; filed Jan 22, 2018, 3:49 p.m.: 20180221-IR-068170224FRA*)

**68 IAC 26-3-5 Application requirement for game operators that were operating in Indiana on or before March 31, 2016**

Authority: IC 4-33-24-13

Affected: IC 4-33-24

Sec. 5. (a) On or before July 1, 2017, any and all unlicensed game operators offering paid fantasy sports games to Indiana residents under IC 4-33-24-13(b) must submit an application for licensure to the commission pursuant to IC 4-33-24 and this rule.

(b) The commission or executive director may issue a notice of licensure denial pursuant to section 8 of this rule to any unlicensed game operator contemplated in subsection (a) that fails to submit its application for licensure by July 1, 2017.

(c) Beginning on July 2, 2017, a game operator may no longer avail itself of IC 4-33-24-13(b).

(d) Any game operator that offered paid fantasy sports games to Indiana residents on or before March 31, 2016, and failed to submit an application by July 1, 2017, may later submit an application pursuant to the provisions of IC 4-33-24 and this rule in order to become licensed to offer paid fantasy sports games to Indiana residents.

(e) Any game operator that was not offering paid fantasy sports games to Indiana residents on or before March 31, 2016, must submit an application to the commission and receive a license pursuant to the provisions of IC 4-33-24 and this rule prior to offering paid fantasy sports games to Indiana residents. (*Indiana Gaming Commission; 68 IAC 26-3-5; filed Jan 22, 2018, 3:49 p.m.: 20180221-IR-068170224FRA*)

**68 IAC 26-3-6 Temporary license**

Authority: IC 4-33-24-13

Affected: IC 4-33

Sec. 6. (a) After the commission receives a completed application and the required application fee, the commission may issue the game operator applicant a temporary license.

(b) The temporary game operator's license shall:

(1) be on a form prescribed by the commission; and

(2) meet the specifications set forth in section 7 of this rule.

(c) An applicant who receives a temporary license may offer paid fantasy sports games until:

(1) a permanent game operator license is issued or denied; or

(2) the temporary license is withdrawn.

(d) A temporary game operator license shall not be transferred without approval of the executive director or the executive director's designee. (*Indiana Gaming Commission; 68 IAC 26-3-6; filed Jan 22, 2018, 3:49 p.m.: 20180221-IR-068170224FRA*)

**68 IAC 26-3-7 Game operator license requirements**

Authority: IC 4-33-24-13

Affected: IC 4-33

Sec. 7. (a) The temporary and permanent game operator licenses shall be on a form prescribed by the commission and shall display the following:

(1) The game operator's name and business address.

(2) The game operator's license number assigned by the commission.

(3) The signature of the executive director of the commission.

(4) The date the game operator's license was issued.

(5) The date that the license will expire.

(6) Any other information the commission deems necessary to identify the game operator licensee.

(b) A fee of ten dollars (\$10) must be:

- (1) paid to the commission for any necessary replacement of a temporary or permanent game operator's license; and
- (2) assessed each time a game operator licensee obtains a replacement temporary or permanent license.

(c) Temporary and permanent game operator licenses shall remain the property of the commission at all times. The commission may:

- (1) revoke; or
- (2) suspend;

a game operator license under 68 IAC 13. (*Indiana Gaming Commission; 68 IAC 26-3-7; filed Jan 22, 2018, 3:49 p.m.: 20180221-IR-068170224FRA*)

#### **68 IAC 26-3-8 Denial of license**

Authority: IC 4-33-24-13

Affected: IC 4-33-24

Sec. 8. The commission may deny a license to a game operator if the commission determines any of the following:

- (1) The game operator has violated an Indiana statute, regulation, rule, or local ordinance providing for the best interests of paid fantasy sports games.
- (2) The game operator has failed to meet any of the requirements set forth in IC 4-33-24.
- (3) The game operator has made a material misrepresentation or omission in its application to the commission.

(*Indiana Gaming Commission; 68 IAC 26-3-8; filed Jan 22, 2018, 3:49 p.m.: 20180221-IR-068170224FRA*)

#### **68 IAC 26-3-9 Reapplication for denied game operator license**

Authority: IC 4-33-24-13

Affected: IC 4-33

Sec. 9. (a) A game operator whose application for a game operator license has been denied may not reapply for a game operator license for a period of one (1) year from the date on which the commission voted to deny its application, unless the commission grants leave.

(b) The executive director may grant leave for reapplication if the applicant can demonstrate that the reason the original application was denied no longer exists or bars suitability for licensure. (*Indiana Gaming Commission; 68 IAC 26-3-9; filed Jan 22, 2018, 3:49 p.m.: 20180221-IR-068170224FRA*)

#### **68 IAC 26-3-10 Renewal**

Authority: IC 4-33-24-13

Affected: IC 4-33-24

Sec. 10. (a) A game operator licensee must renew its license annually. If a game operator licensee fails to request renewal of the license before the expiration of one (1) year from issuance, then the license expires.

(b) In order to renew a license, a game operator licensee must do the following:

- (1) Request renewal of the license on a form prescribed by the commission.
- (2) Complete the form and provide the commission with any information or documents that the commission deems necessary.
- (c) The form requesting renewal of the game operator's license must be submitted with the annual renewal fee under IC 4-33-

24.

(d) The commission may perform a background investigation on any game operator licensee seeking renewal of the license. The cost of any investigation shall be charged to the game operator licensee.

(e) The commission may not issue a renewal of a game operator's license if the game operator licensee no longer meets the requirements set forth in this article or IC 4-33-24. (*Indiana Gaming Commission; 68 IAC 26-3-10; filed Jan 22, 2018, 3:49 p.m.: 20180221-IR-068170224FRA*)

**68 IAC 26-3-11 Duty to maintain suitability; duty to disclose; transfer of a game operator license**

Authority: IC 4-33-24-13  
Affected: IC 4-33

Sec. 11. (a) Game operator licensees have a continuing duty to maintain suitability for licensure. A game operator license does not create a property right, but is a revocable privilege granted by the state contingent upon continuing suitability for licensure.

(b) A game operator licensee must notify the commission of any material changes in the information submitted in the application or any condition that renders the game operator licensee ineligible to hold a game operator license.

(c) The commission may not transfer a game operator license without written approval from the executive director or the executive director's designee. (*Indiana Gaming Commission; 68 IAC 26-3-11; filed Jan 22, 2018, 3:49 p.m.: 20180221-IR-068170224FRA*)

**68 IAC 26-3-12 Disciplinary action authority**

Authority: IC 4-33-24-13  
Affected: IC 4-33-24

Sec. 12. (a) The commission or executive director may take any action against a game operator licensee at any time, including, but not limited to:

- (1) revocation; or
- (2) suspension of a game operator's license at any time that the commission or executive director determines the game operator licensee is in violation of IC 4-33-24 or this article.

(b) If the commission or executive director determines that a game operator licensee is in violation of IC 4-33-24 or this article, the commission or executive director may initiate a disciplinary proceeding to:

- (1) revoke or suspend the game operator's license under 68 IAC 13; or
- (2) impose a civil penalty of up to one thousand dollars (\$1,000) pursuant to IC 4-33-24-26 for each particular violation of this article or IC 4-33-24.

(*Indiana Gaming Commission; 68 IAC 26-3-12; filed Jan 22, 2018, 3:49 p.m.: 20180221-IR-068170224FRA*)

**68 IAC 26-3-13 Request for hearing on notice of denial or nonrenewal of a game operator license**

Authority: IC 4-33-24-13  
Affected: IC 4-33

Sec. 13. (a) An applicant or game operator licensee who is served with a notice of denial or nonrenewal under this rule may request a hearing under 68 IAC 7.

(b) If the applicant or game operator does not timely request a hearing, the notice of denial or nonrenewal becomes the final order of the commission denying the application for a game operator license or not renewing the game operator's license. (*Indiana Gaming Commission; 68 IAC 26-3-13; filed Jan 22, 2018, 3:49 p.m.: 20180221-IR-068170224FRA*)

**Rule 4. Record Retention**

**68 IAC 26-4-1 Duty to maintain records**

Authority: IC 4-33-24-13  
Affected: IC 4-33-24

Sec. 1. (a) A game operator must be able to provide the following reports to the commission on demand over the specified period of each report and at a minimum for the specific intervals of month to date and year to date:

- (1) For each paid fantasy sports game offered, the following information:
  - (A) The date and time the paid fantasy sports game started and ended.
  - (B) The paid fantasy sports game identifier and version.

- (C) The prize structure used.
  - (D) The game participants that entered the paid fantasy sports game.
  - (E) The selections each game participant made for his or her team.
  - (F) The total number of points earned by each game participant's team.
  - (G) The total amount of entry fees paid.
  - (H) The results, including the points earned by the winning game participant or participants.
  - (I) The total amount of winnings to the game participants.
  - (J) The total amount of cash equivalents awarded to the game participants.
- (2) A time stamped game participant transaction log of the following:
- (A) A unique game participant identification.
  - (B) All deposits to the game participant account.
  - (C) All withdrawals to the game participant.
  - (D) All cash equivalents added to the game participant account.
  - (E) All manual adjustments or modifications to the game participant account.
- (3) The following game participant account information:
- (A) A unique game participant identification.
  - (B) The game participant identity details, which include the game participant's legal name, age, and address.
  - (C) Any self-restrictions.
  - (D) Any previous accounts.
  - (E) The date and IP address from which the game participant account was registered.

(b) A game operator shall provide financial statements to the commission on a biannual basis. The game operator shall prepare and submit the financial statements to the commission not later than January 15 and July 15 of every year. The financial statements shall contain the following information at a minimum:

- (1) All deposits to game participant accounts.
- (2) All withdrawals from game participant accounts.
- (3) Take out amount collected by the game operator for each contest.

(c) On a biannual basis, a game operator shall provide documentation showing that the financial reserve requirement described in IC 4-33-24-24 is satisfied. The game operator shall prepare and submit documentation to the commission not later than January 15 and July 15 of each year.

(d) A game operator shall maintain the records described in subsections (a), (b), and (c) for at least three (3) years. (*Indiana Gaming Commission; 68 IAC 26-4-1; filed Jan 22, 2018, 3:49 p.m.: 20180221-IR-068170224FRA*)

## **Rule 5. Annual Report Requirements**

### **68 IAC 26-5-1 Annual financial audit**

Authority: IC 4-33-24-13

Affected: IC 4-33

Sec. 1. (a) Each game operator licensee shall undergo an audit of its annual financial statements.

(b) The game operator licensee shall recommend an independent certified public accountant to perform the audit. The executive director or the executive director's designee must approve of the selection of the independent certified public accountant prior to the commencement of a contract between the accountant and the game operator licensee. To obtain the executive director's approval, the game operator must submit to the executive director an engagement letter with the game operator's recommended independent certified public accountant to perform the audit.

(c) The audit must:

- (1) be performed in accordance with generally accepted accounting principles; and
- (2) contain the opinion of the independent certified public accountant as to its fair presentation in accordance with generally accepted accounting principles.

(d) The game operator licensee is responsible for the cost of the financial audit required by this rule.



(e) The annual financial audit shall be provided to the commission no later than August 31 of each year in which the game operator was licensed. (*Indiana Gaming Commission; 68 IAC 26-5-1; filed Jan 22, 2018, 3:49 p.m.: 20180221-IR-068170224FRA*)

**68 IAC 26-5-2 Qualifications of financial auditor**

Authority: IC 4-33-24-13

Affected: IC 4-33

Sec. 2. (a) An independent certified public accountant or independent certified public accounting firm selected to perform a financial statement audit must meet the following qualifications and must affirm that it meets these qualifications as part of a written agreement with the game operator licensee to perform the audit:

(1) Be independent with respect to the game operator licensee, its parents, and investors. Standards of independence are to be determined by pronouncements of the American Institute of Certified Public Accountants and the Securities and Exchange Commission.

(2) Have sufficient experience in the gaming industry or related industries.

(3) Have an adequate number of professional personnel to meet the requirements of the engagement in a timely and efficient manner.

(b) An independent certified public accountant or independent certified public accounting firm selected to perform a financial statement audit must not express an opinion on financial statements of a game operator licensee unless it is independent from that game operator licensee. Impairments to independence include, but are not limited to, the following:

(1) During the period of the professional engagement to perform an audit, or at the time the opinion was issued, the auditing person:

(A) had or was committed to acquire any direct or material indirect financial interest in the game operator licensee;

(B) was a trustee of any trust or executor or administrator of any estate if the trust or estate had or was committed to acquire any direct or material indirect financial interest in the game operator licensee;

(C) had any joint closely held business investment with the game operator licensee or any key person or substantial owner thereof that was material in relation to the auditing person or the auditing person's firm's net worth; or

(D) had any loan to or from the game operator licensee or any key person or substantial owner thereof, when made under normal lending procedures, terms, and requirements, except:

(i) loans that are not material to the net worth of the borrower;

(ii) home mortgages; and

(iii) other secured loans, except loans guaranteed by the auditing person's firm that are otherwise unsecured.

(2) During the period covered by the game operator licensee's financial statements, during the period of the professional engagement to perform an audit, or at the time the opinion is issued, the auditing person was:

(A) connected with the game operator licensee as a promoter, underwriter, voting trustee, key person, or in any capacity equivalent to that of a key person or employee; or

(B) a trustee for any pension or profit-sharing trust of the game operator licensee.

(3) Functioning as if a key person of the game operator licensee.

(4) Performing an audit of the independent certified public accountant or independent certified public accounting firm's own work.

(5) Advocacy for the game operator licensee.

(6) Having any other role with the game operator licensee or affiliates other than as the independent auditor.

(c) The same certified public accountant may not perform more than two (2) consecutive financial audits for a game operator under this rule. (*Indiana Gaming Commission; 68 IAC 26-5-2; filed Jan 22, 2018, 3:49 p.m.: 20180221-IR-068170224FRA*)

**68 IAC 26-5-3 Annual compliance audit**

Authority: IC 4-33-24-13

Affected: IC 4-33-24

Sec. 3. (a) The game operator shall submit a compliance audit, prepared by a testing laboratory to verify compliance with

the operational aspects of IC 4-33-24-9, IC 4-33-24-16, IC 4-33-24-18, IC 4-33-24-19, IC 4-33-24-20, IC 4-33-24-21, IC 4-33-24-22, IC 4-33-24-23, IC 4-33-24-24, IC 4-33-24-29, and IC 4-33-24-30.

(b) The compliance audit shall also verify the integrity of the computer operating systems used to operate the paid fantasy sports games.

(c) The game operator licensee shall recommend a testing laboratory to perform the compliance audit. The executive director or the executive director's designee must approve of the selection of the testing laboratory prior to the commencement of a contract between the testing laboratory and the game operator licensee. To obtain the executive director's approval, the game operator must submit to the executive director an engagement letter with the game operator's recommended testing laboratory to perform the compliance audit.

(d) The game operator licensee is responsible for the cost of the compliance audit required by this rule.

(e) The annual compliance audit shall be provided to the commission no later than March 31 of each year in which the game operator was licensed. (*Indiana Gaming Commission; 68 IAC 26-5-3; filed Jan 22, 2018, 3:49 p.m.: 20180221-IR-068170224FRA*)

## **Rule 6. Game Participant Accounts**

### **68 IAC 26-6-1 Single account**

Authority: IC 4-33-24-13

Affected: IC 4-33

Sec. 1. (a) A game operator shall limit each game participant to one (1) active and continuously used account and username.

(b) A game operator shall implement rules and publish procedures to terminate all accounts of any game participant that establishes or seeks to establish more than one (1) username or more than one (1) account, whether directly or by use of another person as a proxy. (*Indiana Gaming Commission; 68 IAC 26-6-1; filed Jan 22, 2018, 3:49 p.m.: 20180221-IR-068170224FRA*)

### **68 IAC 26-6-2 Terms and conditions**

Authority: IC 4-33-24-13

Affected: IC 4-33

Sec. 2. A set of terms and conditions shall be readily accessible to the game participant. During the registration process, each game participant shall agree to the following applicable terms and conditions of service:

- (1) That the registration information provided by the game participant to the game operator is accurate.
- (2) That the game participant has been informed, and acknowledges, that as an authorized game participant he or she is prohibited from allowing any other person access to or use of his or her game participant account.
- (3) The terms and conditions shall specify the handling of entry fees where the entry of a game participant is canceled.
- (4) The terms and conditions shall specify the handling of entry fees for paid fantasy sports games that are voided or abandoned.
- (5) The terms and conditions of participation shall clearly define the rules by which any unrecoverable malfunctions of hardware or software are addressed.
- (6) The terms and conditions shall advise the game participant to keep his or her password and login ID secure.
- (7) The terms and conditions shall advise the game participant on requirements regarding forced password changes, password strength, and other related items.
- (8) The terms and conditions shall state that no individual less than eighteen (18) years of age is permitted to participate in fantasy sports activities.
- (9) The terms and conditions shall describe the method by which game participants will be notified of updates to the terms and conditions and privacy policy.
- (10) The terms and conditions shall specify the conditions under which an account is declared inactive and explain what actions will be undertaken on the account once this declaration is made.
- (11) The terms and conditions shall clearly define what happens to the entry fees placed if a game participant has entered a paid fantasy sports game prior to any self-imposed or operator-imposed exclusion, including the return of all paid entries

to the game participants, or settling all entries, as appropriate.  
(*Indiana Gaming Commission; 68 IAC 26-6-2; filed Jan 22, 2018, 3:49 p.m.: 20180221-IR-068170224FRA*)

**68 IAC 26-6-3 Privacy policy**

Authority: IC 4-33-24-13

Affected: IC 4-33

Sec. 3. (a) A privacy policy shall be readily accessible to the game participant through the communication channel used to access the paid fantasy sports game. During the registration process, the game participant must agree to the applicable privacy policy.

(b) The privacy policy shall state the information that is required to be collected, the purpose for information collection, and the conditions under which information may be disclosed.

(c) Any information obtained in respect to player registration or account establishment shall be done in compliance with the privacy policy.

(d) Any information about a game participant's account that is not subject to disclosure pursuant to the privacy policy shall be kept confidential, except where the release of that information is required by law.

(e) Game participant information shall be securely erased from hard disks, magnetic tapes, solid state memory, and other devices before the device is decommissioned. If erasure is not possible, the storage device must be destroyed. (*Indiana Gaming Commission; 68 IAC 26-6-3; filed Jan 22, 2018, 3:49 p.m.: 20180221-IR-068170224FRA*)

**68 IAC 26-6-4 Scripts**

Authority: IC 4-33-24-13

Affected: IC 4-33

Sec. 4. (a) A game operator shall not permit the use of unauthorized scripts that give a game participant an unfair advantage over other game participants in a paid fantasy sports game and shall use commercially reasonable efforts to monitor for and prevent the use of such scripts.

(b) Authorized scripts shall be programs or scripts that are incorporated as a paid fantasy sports game feature and shall be clearly and conspicuously published and thereby made available to all game participants.

(c) A script that is not authorized under subsection (a) will be deemed to offer an unfair advantage over other game participants, for the following reasons including, but not limited to, its potential use to:

(1) Facilitate entry of multiple paid fantasy sports games with a single line-up.

(2) Facilitate changes in many line-ups at one (1) time.

(3) Facilitate use of commercial products designed to identify advantageous paid fantasy sports game strategies.

(d) A game operator may prohibit the use of any and all scripts.

(e) A game operator shall restrict game participants that are found to have used unauthorized scripts from entering further paid fantasy sports games. (*Indiana Gaming Commission; 68 IAC 26-6-4; filed Jan 22, 2018, 3:49 p.m.: 20180221-IR-068170224FRA*)

**68 IAC 26-6-5 Proxy servers**

Authority: IC 4-33-24-13

Affected: IC 4-33

Sec. 5. (a) A game operator shall not allow game participants to use proxy servers for the purpose of misrepresenting their identity or location in order to engage in paid fantasy sports games.

(b) A game operator shall restrict game participants that are found to have used such proxy servers from entering further paid fantasy sports games. (*Indiana Gaming Commission; 68 IAC 26-6-5; filed Jan 22, 2018, 3:49 p.m.: 20180221-IR-068170224FRA*)

**68 IAC 26-6-6 Prohibition on extensions of credit to game participants**

Authority: IC 4-33-24-13  
Affected: IC 4-33

Sec. 6. (a) A game participant is prohibited from being extended credit from a game operator for purposes of participating in a paid fantasy sports game.

(b) No paid entry fee amount may be greater than the current balance of the game participant's account. (*Indiana Gaming Commission; 68 IAC 26-6-6; filed Jan 22, 2018, 3:49 p.m.: 20180221-IR-068170224FRA*)

**68 IAC 26-6-7 Policy for the handling of game participants discovered to be less than 18 years of age**

Authority: IC 4-33-24-13  
Affected: IC 4-33

Sec. 7. The game operator must have a documented policy for the handling of game participants that are discovered to be less than eighteen (18) years of age, including, but not limited to, the following:

- (1) Reporting such game participants to the commission within fifteen (15) business days of discovering the game participant to be less than eighteen (18) years of age.
- (2) The suspension of any game participant account discovered to be providing access to someone less than eighteen (18) years of age.
- (3) The treatment of game participant funds originally deposited to the individual's game participant account, whether or not the minor has engaged in or attempted to engage in a paid fantasy sports game.
- (4) The refusal to award a prize upon a determination that the game participant misrepresented his or her age in order to enter the paid fantasy sports game or open an account.

(*Indiana Gaming Commission; 68 IAC 26-6-7; filed Jan 22, 2018, 3:49 p.m.: 20180221-IR-068170224FRA*)

**68 IAC 26-6-8 Automatically detected game participant inactivity**

Authority: IC 4-33-24-13  
Affected: IC 4-33

Sec. 8. (a) If a session is terminated due to a game participant inactivity timeout, the game participant's device must display to the game participant that the session has timed out and inform him or her of the steps needed to be taken to reestablish the player session.

(b) If a session is terminated due to a game participant inactivity timeout, no further participation is permitted until a new session is established by the game participant. This process shall include, at a minimum, the manual entry of the game participant's secure password. (*Indiana Gaming Commission; 68 IAC 26-6-8; filed Jan 22, 2018, 3:49 p.m.: 20180221-IR-068170224FRA*)

**Rule 7. Game Participant Funds**

**68 IAC 26-7-1 Reserve account required**

Authority: IC 4-33-24-13  
Affected: IC 4-33

Sec. 1. A game operator shall maintain a reserve in the form of cash, cash equivalents, an irrevocable letter of credit, a bond, or a combination of these sources that is equal to the amount of money deposited in paid fantasy sports game accounts of game participants. (*Indiana Gaming Commission; 68 IAC 26-7-1; filed Jan 22, 2018, 3:49 p.m.: 20180221-IR-068170224FRA*)

**68 IAC 26-7-2 Transfer of funds**

Authority: IC 4-33-24-13  
Affected: IC 4-33

Sec. 2. A game operator shall not allow a game participant to transfer funds through its paid fantasy sports game platform to any other game participant. (*Indiana Gaming Commission; 68 IAC 26-7-2; filed Jan 22, 2018, 3:49 p.m.: 20180221-IR-068170224FRA*)

**68 IAC 26-7-3 Game participant account withdrawal**

Authority: IC 4-33-24-13

Affected: IC 4-33

Sec. 3. (a) A game participant must be allowed to withdraw the funds maintained in his or her account, whether such account is open or closed.

(b) A game operator must honor such game participant requests to withdraw funds within five (5) business days of the request, unless the conditions set forth in subsection (c) are met.

(c) The game operator may decline to honor a game participant request to withdraw funds only if the game operator believes in good faith that the game participant engaged in either fraudulent conduct or other conduct that would put the game operator in violation of the law. In such cases, the game operator shall:

(1) provide notice to the game participant of the nature of the investigation of the account; and

(2) conduct its investigation in a reasonable and expedient fashion, providing the game participant additional written notice of the status of the investigation every tenth business day starting from the day the original notice was provided to the game participant.

(d) For purposes of this provision, a request for withdrawal will be considered honored if it is processed by the game operator notwithstanding a delay by a payment processor, credit card issuer, or the custodian of a financial account. (*Indiana Gaming Commission; 68 IAC 26-7-3; filed Jan 22, 2018, 3:49 p.m.: 20180221-IR-068170224FRA*)

**68 IAC 26-7-4 Dormant game participant accounts and unclaimed funds**

Authority: IC 4-33-24-13

Affected: IC 4-33

Sec. 4. A game operator shall consider a game participant account to be dormant if the game participant has not logged into the account for at least three (3) years. (*Indiana Gaming Commission; 68 IAC 26-7-4; filed Jan 22, 2018, 3:49 p.m.: 20180221-IR-068170224FRA*)

**68 IAC 26-7-5 Unclaimed funds in a dormant game participant account**

Authority: IC 4-33-24-13

Affected: IC 4-33; IC 32-34-1

Sec. 5. (a) Subject to the provisions of IC 32-34-1-20 and IC 32-34-1-21, funds of game participants that remain in a dormant game participant account shall be presumed abandoned.

(b) The game operator shall report and deliver all funds of game participants that are presumed abandoned to the office of the Indiana attorney general as provided in IC 32-34-1-27.

(c) At least sixty (60) days prior to reporting any funds of the game participant to the attorney general, the game operator shall provide notice to the game participant's last known address and conduct due diligence to locate the game participant. (*Indiana Gaming Commission; 68 IAC 26-7-5; filed Jan 22, 2018, 3:49 p.m.: 20180221-IR-068170224FRA*)

**Rule 8. Self-Restriction**

**68 IAC 26-8-1 Self-restriction program**

Authority: IC 4-33-24-13

Affected: IC 4-33

Sec. 1. (a) A game operator shall establish internal control procedures for compliance with this rule, which shall be submitted and approved under 68 IAC 11.

(b) The internal controls must, at a minimum, address the following:

(1) Provide a plan for honoring requests from game participants to self-restrict from all contests.

(2) Provide a plan to honor requests from game participants to set paid fantasy sports game entry limits, to limit play to paid fantasy sports games with entry fees below an established limit, or to set self-imposed deposit limits.

(3) Provide a plan to ensure that immediately upon receiving the self-restriction request, no new entry fees or deposits are accepted from that game participant, until such time as the self-restriction has expired.

(4) A game operator shall implement and publish procedures for game participants to implement such restrictions.

(5) Provide a plan to allow game participants that self-restrict to access and withdraw any remaining game participant funds remaining in their account.

(c) Game participants shall have the option to adjust these limits to make the limits more restrictive as often as they like, but shall not have the option to make limits less restrictive within ninety (90) days of setting such limits. (*Indiana Gaming Commission; 68 IAC 26-8-1; filed Jan 22, 2018, 3:49 p.m.: 20180221-IR-068170224FRA*)

#### **68 IAC 26-8-2 Direct marketing to self-restricted game participants**

Authority: IC 4-33-24-13

Affected: IC 4-33

Sec. 2. (a) A game operator shall make all reasonable attempts to ensure that self-restricted persons do not receive direct marketing of the game operator's paid fantasy sports games.

(b) A game operator licensee will satisfy this requirement if the game operator removes the self-restricted person's name from the list of game participants to whom direct marketing materials are sent, and the self-restricted person does not receive direct marketing materials more than forty-five (45) days after the game operator receives notice that the self-restricted person wishes to be restricted from entering paid fantasy sports games. (*Indiana Gaming Commission; 68 IAC 26-8-2; filed Jan 22, 2018, 3:49 p.m.: 20180221-IR-068170224FRA*)

### **Rule 9. Game Participant Complaints**

#### **68 IAC 26-9-1 Game participant complaint procedures**

Authority: IC 4-33-24-13

Affected: IC 4-33

Sec. 1. (a) A game operator shall develop and publish procedures by which a game participant may file a complaint with the game operator by Internet chat, in writing, or by other means, about any aspect of a paid fantasy sports game.

(b) A game operator shall respond to such complaints in writing within thirty (30) business days. If the relief requested in the complaint will not be granted, the response to the complaint shall state the reasons with specificity. (*Indiana Gaming Commission; 68 IAC 26-9-1; filed Jan 22, 2018, 3:49 p.m.: 20180221-IR-068170224FRA*)

#### **68 IAC 26-9-2 Retention of game participant complaints and game operator responses**

Authority: IC 4-33-24-13

Affected: IC 4-33

Sec. 2. All complaints received by a game operator from a game participant and the game operator's responses to complaints shall be retained for at least three (3) years and made available to the commission within ten (10) business days of any request by the commission. (*Indiana Gaming Commission; 68 IAC 26-9-2; filed Jan 22, 2018, 3:49 p.m.: 20180221-IR-068170224FRA*)

### **Rule 10. Restriction on Entering Paid Fantasy Sports Games**

**68 IAC 26-10-1 Individuals prohibited from entering paid fantasy sports games**

Authority: IC 4-33-24-13

Affected: IC 4-33

Sec. 1. (a) Except as provided in subsection (b), the following individuals may not participate in a paid fantasy sports game:

- (1) A member of the commission.
- (2) An employee of the commission.
- (3) An agent of the commission.
- (4) The spouse of any individual in subdivisions (1), (2), and (3).

(b) A member, employee, or agent of the commission may participate in a paid fantasy sports game offered by a game operator if that person:

- (1) has received the written authorization from the executive director to participate in a paid fantasy sports game as part of the person's employment; and
- (2) is participating only to the extent authorized by the executive director.

*(Indiana Gaming Commission; 68 IAC 26-10-1; filed Jan 22, 2018, 3:49 p.m.: 20180221-IR-068170224FRA)*

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