

**ORDER 2020-44
IN RE SETTLEMENT AGREEMENT**

**GAN PLC
20-GAN-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 10th DAY OF JULY, 2020.

THE INDIANA GAMING COMMISSION:



Michael B. McMains, Chair

ATTEST:



Joseph Svetanoff, Secretary

**STATE OF INDIANA
INDIANA GAMING COMMISSION**

IN RE THE MATTER OF:)
) **SETTLEMENT**
GAN PLC) **20-GAN-01**
)

SETTLEMENT AGREEMENT

The Indiana Gaming Commission (“Commission”) by and through its Executive Director Sara Gonso Tait and GAN PLC (“GAN”), (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

1. IC 4-38-3-1 provides, in relevant part, that the commission shall adopt rules under IC 4-22-2, including emergency rules in the manner provided under IC 4-22-2-37.1, to implement this article. Rules adopted under this section must include the following: (8) Rules establishing geofence standards concerning where a wager may and may not be placed, including: (A) only placing wagers within the boundaries of Indiana; and (B) prohibiting wagers at the location of particular sporting events.
2. Chapter 11, Section 1(a) of the Emergency Rules for Sports Wagering provides in order to prevent unauthorized use of the Internet or a mobile device to place a sports wager when a patron is not within the state of Indiana, the sports wagering operator shall utilize a geofence system to reasonably detect the physical location of a patron attempting to access the online sports wagering system and place a wager; and to monitor and block unauthorized attempts to access the online sports wagering system in order to place a wager when a patron is not within the permitted boundary.
3. GAN provides Betfair Interactive US, LLC d/b/a FanDuel Sportsbook (“FanDuel”) with account, wallet, reporting and back office services (“GAN’s Platform”).
4. FanDuel’s approved internal control procedures describe the procedures for geolocation checks.
5. On December 5, 2019, FanDuel’s Director of Legal and Regulatory Affairs notified the Commission that an issue arose after an update was performed to the sports book that sent Indiana bettors to New Jersey, thus affecting FanDuel’s geolocation services.
6. It is GAN’s position that GAN’s Platform was not involved in Indiana bettors being sent to FanDuel’s New Jersey or Pennsylvania websites as this re-direction functionality sits outside of GAN’s Platform.

7. On December 6, 2019, FanDuel submitted a report to the Commission which indicated that GAN performed an update on FanDuel's sportsbook. After this update, there were indications that incoming wagers were being declined. Per FanDuel's report, a GAN Backstop (as hereinafter defined) used to verify GeoComply's geolocation check was unable to access information correctly due to a memory management issue. Due to the memory problem, users were unable to place wagers and the GAN Backstop was disabled. As a result of disabling the GAN Backstop, players were geolocated in one state but able to navigate to another state and place a sports wager in that jurisdiction. One (1) wager was placed in Indiana by a user geolocated in Pennsylvania. The release note was approved by the Commission, however, the release note did not provide any indication as to any geolocation updates, nor did it indicate that critical components as it applies to geolocation would be touched.
8. GAN claims that it did not perform any updates to the GAN Location Backstop (i.e. "the GAN Backstop"). GAN further asserts that the memory management issue arose due to a bug in a component of a 3rd party library, not in the GAN Backstop software itself. The configuration of the GAN Backstop had to be changed to utilize a different storage mode, and had to be allocated more memory, but GAN claims that the GAN Backstop software was not changed, either before or after the incident.
9. Moreover, it is GAN's position that the GAN Backstop was only a fail-safe GeoLocation check, not the primary GeoLocation check. It is also GAN's position that GAN's check was only to be used in rare cases where prior GeoLocation checks, which GAN believed were occurring before any bets arrived at the GAN system, failed to work properly. Although it was later determined that the GAN Backstop was the only GeoLocation check being used, GAN was not aware of this at the time of the incident, which is why GAN believed that disabling the GAN Backstop would not result in cross state betting. GAN has agreed it will not disable the GAN Backstop in the future without first notifying the Commission and without also implementing reasonable backup procedures to minimize the risk of the events described in this Agreement from reoccurring.

TERMS AND CONDITIONS

Commission staff alleges that the acts or omissions of GAN by and through its agents as described herein constitute a breach of IC 4-38, 68 IAC and/or the Emergency Rules for Sports Wagering. The Commission and GAN hereby agree to a monetary settlement of the alleged violations described herein in lieu of the Commission pursuing formal disciplinary action against GAN.

GAN shall pay to the Commission a total of \$2,500 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, GAN agrees to promptly remit payment in the amount of \$2,500 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. By entering this Agreement, GAN is not admitting any wrongdoing in connection with the allegations that are set forth herein.

This Agreement shall be binding upon the Commission and GAN.

IN WITNESS WHEREOF, the Parties have signed this Agreement on the date and year as set forth below.



Sara Gonso Tait, Executive Director
Indiana Gaming Commission

Dan Garcia
GAN PLC

Date

5th May 2020_____
Date

for such violations even if the subsequent violations are similar or related to an incident described in the findings above.

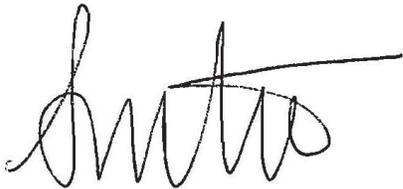
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This Agreement shall be binding upon the Commission and GAN.

IN WITNESS WHEREOF, the Parties have signed this Agreement on the date and year as set forth below.



Sara Gonso Tait, Executive Director
Indiana Gaming Commission

6/24/20

Date

Dan Garcia
GAN PLC

Date