

**ORDER 2020-59  
IN RE SETTLEMENT AGREEMENT**

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

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

**APPROVED**

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APPROVES OR DISAPPROVES

the proposed terms of the Settlement Agreement.

**IT IS SO ORDERED THIS THE 10<sup>th</sup> DAY OF JULY, 2020.**

**THE INDIANA GAMING COMMISSION:**



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Michael B. McMains, Chair

ATTEST:



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Joseph Svetanoff, Secretary

**STATE OF INDIANA  
INDIANA GAMING COMMISSION**

<b>IN RE THE MATTER OF:</b>	)	
	)	<b>SETTLEMENT</b>
<b>CROWN IN GAMING LLC</b>	)	<b>20-DK-01</b>
<b>d/b/a DRAFTKINGS</b>	)	

**SETTLEMENT AGREEMENT**

The Indiana Gaming Commission (“Commission”) by and through its Executive Director Sara Gonso Tait 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. IC 4-38-5-4(a) provides that 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.
2. Chapter 7, Section 1(a) and (b) of the Emergency Rules for Sports Wagering provides that 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 be contrary to the public policies of the state.  
(b) The commission will post approved event categories to its website.
2. On July 23, 2019, the Commission issued a directive on approved events for sports wagering which indicated that collegiate events shall be limited to NCAA Division I sports.
3. On November 6, 2019, the Commission’s Director of Sports Wagering and Paid Fantasy Sports (the “DSW”) requested that the Sports Wagering Gaming Enforcement Investigator (the “SWI”) conduct an audit investigation regarding a Division II Men’s College Basketball Game being offered for wagering in Indiana retail and mobile platforms. The DSW had identified that a Division II Men’s College Basketball game had been offered on at least one platform.

4. On November 9, 2019, it was discovered that Kambi Group PLC d/b/a Sports Information Services Limited (“Kambi”), the sports book provider for DraftKings, had offered four (4) men’s college basketball games that included a non-division I team. The four (4) games offered on the Kambi platform were as follows: 1) TCU Horned Frogs (Division I) vs Southwestern Pirates (Division III); 2) LIU Post Pioneers (Division II) vs Rhode Island Rams (Division I); 3) Howard Bison (Division I) vs Washington Adventist Shock (Division II); and 4) Florida National Conquistadors (Division II) vs North Florida Ospreys (Division I).
5. On November 12, 2019, Kambi’s Head Sportsbook Controller notified the DSW that Kambi had offered Division II and Division III events across all platforms offered by Kambi.
6. On December 16, 2019, the DSW notified the SWI that unapproved events had been offered across the Kambi platform on December 13, 2019. The following NCAA four (4) football games were offered: 1) Muhlenberg Mules vs North Central Cardinals, a NCAA Football Division III play-off semifinal; 2) Slippery Rock vs Minnesota State Mankato Mavericks, a NCAA Football Division II play-off semifinal; 3) Wisconsin Whitewater Warhawks vs St. Johns Johnnies, a NCAA Football Division III play-off semifinal; and 4) Ferris State Bulldogs vs West Florida, a NCAA Football Division II play-off semifinal.

## COUNT II

7. Chapter 1, Section 16(2) of the Emergency Rules for Sports Wagering defines a prohibited sports wagering participant as an individual listed on the commission's exclusion list kept under 68 IAC 6-1 or that has a voluntarily excluded person status as defined under 68 IAC 6-3.
8. 68 IAC 6-3-4(a) and (b) provide, in relevant part, that each casino licensee and casino license applicant 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: (3) Refuse wagers from and deny gaming privileges to any voluntarily excluded person.
9. 68 IAC 6-3-4(e)(3) provides that a casino licensee shall be subject to disciplinary action under 68 IAC 13 for failure to comply with the requirements of this section and the internal control procedures outlined under this section, including, but not limited to: failure to follow internal control procedures adopted under this rule.
10. In accordance with 68 IAC 6-3-4(a) and (b), DraftKings established, and maintains, approved internal control procedures. In relevant part, page 52 of DraftKings’ internal control procedures describe the procedures for prohibited participants and include a provision related to refusing wagers and denying gaming privileges to voluntarily excluded individuals. As described below, however, due to various technical glitches, which have since been resolved, several self-excluded patrons were able to deposit money

into their accounts and place wagers before their bets were voided, in violation of DraftKings' statutorily mandated internal control procedures.

11. On October 16, 2019, the Commission's VEP Coordinator received a call from a participant of the Voluntary Exclusion Program (the "VEP") advising that he was able to place a sports wager on DraftKings' platform. The VEP participant enrolled in the VEP on March 17, 2019. The DSW conducted a check of DraftKings' back end system and was able to determine that the VEP participant had created an account, deposited \$8.00 into his account, and placed a wager. The wager lost on October 5, 2019.

Ameristar's Director of Regulatory Compliance advised that the list of prohibited participants had been submitted to DraftKings on October 2, 2019, prior to DraftKings launching its mobile sports book on October 3, 2019.

12. As of October 21, 2019, DraftKings had not provided notice to the Commission of this violation.
13. On October 28, 2019, DraftKings provided an investigative report to the Commission. This report provided that five (5) prohibited sports wagering participants were able to create and use their accounts after DraftKings' launch, between October 3<sup>rd</sup> and 6<sup>th</sup>. A fix was subsequently updated to prevent this action from occurring in the future. All five (5) were VEP participants and four (4) had sports wagering history in the system.
14. On October 30, 2019, DraftKings self-reported that a VEP participant had registered at DraftKings on October 27, 2019 and was able to deposit \$25 and place a \$10 wager. The VEP participant enrolled in the VEP on August 14, 2011. DraftKings provided that the user was not excluded upon registration due to a zip code mismatch. The DSW and the SWI reviewed the back-end system and was able to confirm the information provided by DraftKings.
15. On January 6, 2020, DraftKings' Director of Regulatory Operations contacted the SWI and reported that a VEP participant had placed a wager. The VEP participant had left off the "III" from his last name when creating his account. The VEP participant enrolled in the VEP on May 22, 2017 for a one-year exclusion but remains active.
16. The SWI reviewed the back-end system and was able to determine that the VEP participant had placed a \$600 wager. It was also confirmed that the VEP participant's phone number and date of birth matched the information contained on the Commission's prohibited participants list.

### **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, the Emergency Rules for Sports Wagering, and/or 68 IAC 6-3-4(e)(3). 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 \$10,000 (\$4,000 for Count I and \$6,000 for Count II) and ensure that all wagers placed on all unapproved events are voided and the original wager is returned to the player 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: 1) promptly remit payment in the amount of \$10,000; 2) ensure that all wagers placed on all unapproved events are voided and the original wager is returned to the player; and 3) 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.

\_\_\_\_\_  
Sara Gonso Tait, Executive Director  
Indiana Gaming Commission

\_\_\_\_\_  
Date

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

06/02/2020

\_\_\_\_\_  
Date

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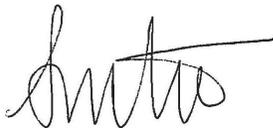
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\_\_\_\_\_  
Sara Gonso Tait, Executive Director  
Indiana Gaming Commission

6/24/20

\_\_\_\_\_  
Date

\_\_\_\_\_  
Karl Gambin, Director of Regulatory  
Operations  
Crown IN Gaming LLCd/b/a DraftKings

\_\_\_\_\_  
Date