

**ORDER 2020-60  
IN RE SETTLEMENT AGREEMENT**

**BETFAIR INTERACTIVE US, LLC d/b/a FANDUEL SPORTSBOOK  
20-FD-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 10<sup>th</sup> 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**  
**BETFAIR INTERACTIVE US, LLC** ) **20-FD-01**  
**d/b/a FANDUEL SPORTSBOOK** )

**SETTLEMENT AGREEMENT**

The Indiana Gaming Commission (“Commission”) by and through its Executive Director Sara Gonso Tait and Betfair Interactive US, LLC d/b/a FanDuel Sportsbook (“FanDuel”), (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 4-38-2-7 defines "E-sports" as a single player or multiplayer video game played competitively, typically by professional gamers.
2. On November 9, 2019, FanDuel’s Director of Legal and Regulatory Affairs notified the Commission that, as a result of e-sports being approved in New Jersey, FanDuel’s Risk and Trading team set up three (3) markets for their New Jersey system. Due to a filtering error on the IGT platform, the three (3) markets were also offered on the Indiana platform. These offerings were for League of Legends, World Championship Finals, and were available for approximately six (6) hours. FanDuel confirmed no wagers were placed during this time.
3. IC 4-38-5-4(a) and (b) 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.  
(b) A certificate holder or vendor may not accept wagers on e-sports regardless of whether the e-sports event involves one (1) or multiple players.
4. 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.

5. 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.
6. On November 27, 2019, FanDuel's Director of Risk and Trading notified the Commission that a Division I vs Division II men's college basketball game had been offered. The game offered was Kansas (Division I) vs Chaminade (Division II).

## COUNT II

7. 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.
8. Chapter 11, Section 1(a) of the Emergency Rules for Sports Wagering provides that 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.
9. FanDuel's approved internal control procedures describe its procedures for geolocation checks.
10. 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.
11. On December 6, 2019, FanDuel submitted a report to the Commission which indicated that Gaming Account Network ("GAN"), the company that provides FanDuel with account, wallet, reporting and back office services, 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 Tool 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 Tool was disabled. As a result of disabling the GAN Tool, 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 and was ultimately

voided. 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.

### **TERMS AND CONDITIONS**

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

FanDuel shall pay to the Commission a total of \$9,000 (\$6,500 for Count I and \$2,500 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, FanDuel agrees to: 1) promptly remit payment in the amount of \$9,000; 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 FanDuel.

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

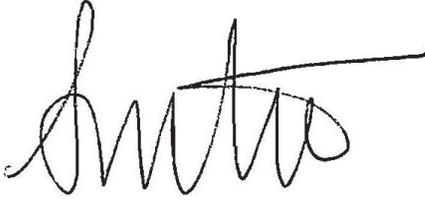
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Alex Smith, Director of Legal and  
Regulatory Affairs  
Betfair Interactive US, LLC

May 4, 2020

\_\_\_\_\_  
Date

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

\_\_\_\_\_  
Alex Smith, Director of Legal and  
Regulatory Affairs  
Betfair Interactive US, LLC

\_\_\_\_\_  
Date