

**ORDER 2022-38
IN RE SETTLEMENT AGREEMENT**

**AMERICAN WAGERING, INC.
d/b/a CAESARS SPORTSBOOK
22-AW-01**

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

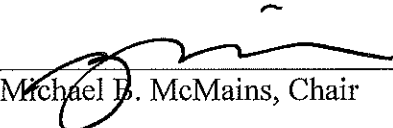
APPROVED

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
AMERICAN WAGERING, INC.)	22-AW-01
d/b/a CAESARS SPORTSBOOK)	

SETTLEMENT AGREEMENT

The Indiana Gaming Commission (“Commission”) by and through its Executive Director Greg Small and American Wagering, Inc. d/b/a Caesars Sportsbook (“Caesars Sportsbook”), (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. 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. Any change that has a high impact on regulated components or reporting of the event wagering systems is classified as a level 3 change. A request for a level 3 change shall be submitted to the Commission for review and approval.
3. On August 13, 2021, the Commission’s Sports Wagering Division received an emergency release note from Caesars Sportsbook. Caesars Sportsbook made a database configuration change to their Liberty Online Platform, which updated the platform to automatically withhold 3.23% in Indiana state taxes on winnings over \$600 and 300 times the wager from the original settings of no taxes withheld. This change was implemented on August 11, 2021, however, Caesars Sportsbook did not submit a change request to the Commission and did not receive Commission approval for this change. This change was classified as a level 3 change.

COUNT II

4. 68 IAC 27-7-9 provides wagers and payouts made under this document shall be subject to the requirements described in 68 IAC 15-2.

5. 68 IAC 15-2-3(a), (b) & (c)(8) provides that the casino licensee shall be required to maintain a log for the purpose of recording aggregated cash transactions in excess of three thousand dollars (\$3,000). The casino licensee shall require coordination between the pits, slots, cashiers, cages, redemption centers, and other appropriate areas to ensure all transactions in excess of three thousand dollars (\$3,000) are recorded. The employee witnessing the transaction is responsible for completing the log. The log shall include a photograph of the patron to be taken during the first transaction of the day involving that patron.
6. Bally's Evansville's approved internal control procedures, N-13, describe the procedure for AML-MTL Reporting and include the procedures for multiple transaction logs (MTL).
7. On October 6, 2021, Bally's Director of Compliance notified Gaming Agents that a \$10,000 and a \$3,000 transaction occurred at Caesars Sportsbook, but the transactions were not recorded on the MTL, as required. This violation occurred on October 2, 2021, by a Ticket Writer and Sportsbook Supervisor.
8. On November 3, 2021, Bally's Director of Compliance notified Gaming Agents that a \$3,600 transaction occurred at Caesars Sportsbook, but the transaction was not recorded on the MTL, as required.

COUNT III

9. 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.
10. 68 IAC 2-3-8(b) provides an occupational licensee must request renewal of the license on a form prescribed by the commission no less than thirty (30) days before the expiration of the occupational license.
11. On November 3, 2021, the Commission's Assistant Director of Licensing sent an email correspondence to Caesars Sportsbook that included a renewal report for occupational licensees. The renewal report included each licensee that was expiring and also included the date of expiration of each license.
12. On December 3, 2021, the Commission's Assistant Director of Licensing sent an email correspondence to Caesars Sportsbook that included a renewal report for occupational licensees. The renewal report included each licensee that was expiring, and also, included the date of expiration of each license.
13. An Indiana Area Manager, a level one (1) licensee, was listed on both renewal reports. The license expired on November 15, 2021. The license was renewed on December 16, 2021. The Indiana Area Manager worked on an expired license for thirty-one (31) days.

COUNT IV

14. 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 status as defined under 68 IAC 6-3 or has signed up for the statewide internet self-restriction program.
15. 68 IAC 27-5-2(2)(F) provides that a sports wagering operator shall have internal controls identifying what procedures will be in place to prevent wagering by prohibited sports wagering participants.
16. 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.
17. 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.
18. Caesars Sportsbook's approved internal controls for the Caesars Sportsbook, 5-2(f), describe the procedures for sports wagering prohibited participants.
19. On October 20, 2021, the Regulatory Compliance Manager at the Caesars Sportsbook reported that on September 14, 2021, a prohibited participant was able to register and obtain a mobile wagering account.
20. On September 14, 2021, the prohibited participant created an account and placed forty-seven (47) wagers for a total of \$22,224.60 with a total loss of \$2,385. Caesars Sportsbook disabled his account on September 24, 2021.

COUNT V

21. 68 IAC 27-8-1(b) provides sports wagering kiosks shall be subject to the approvals and other requirements of 68 IAC 2-6.
22. 68 IAC 2-6-2 (a) requires that the following may not be used for gaming by any casino licensee prior to the executive director, or the executive director's designee, authorizing their inclusion in the commission's online database of approved items and technologies: (1) Electronic gaming devices and any component parts material to gaming activity, including, but not limited to, the following: (A) Random number generators. (B) All game media. (C) Progressive controllers. (D) Bill changers.
23. 68 IAC 17-1-3 provides that a casino licensee, casino license applicant, or supplier licensee shall use the commission's electronic gaming device database as prescribed by the commission.

24. In accordance with 68 IAC 17-1-2(a) and 68 IAC 17-1-3, when shipping an item approved under 68 IAC 2-6-2, the supplier is required to provide the Commission with an accurate inventory of each item to be shipped and delivered, including each item's identification code in the Commission's Electronic Gaming Device System.
25. On September 27, 2021, a Gaming Agent was assisting with a shipment of sports wagering kiosks (SWK). There were seventeen (17) SWK's delivered. The SWK's were in a crate that had no markings identifying its content. Each crate had to be opened to identify its contents. As a result, it was determined that Caesars Sportsbook sent a SWK with an incorrect serial number and an incorrect printer serial number as well.

COUNT VI

26. 68 IAC 27-8-1(b) provides sports wagering kiosks shall be subject to the approvals and other requirements of 68 IAC 2-6.
27. 68 IAC 2-6-5-1(b) provides a casino licensee may utilize a Server-Supported Electronic Gaming Device (SSEGS) or Server-Hosted Electronic Gaming Device (SHEGS) for gaming that: (1) has been tested and approved by the commission under 68 IAC 2-6-2 through 68 IAC 2-6-4; and (2) complies with 68 IAC 2-6-5, 68 IAC 2-6-6(a), 68 IAC 2-6-6(b), 68 IAC 2-6-7 through 68 IAC 2-6-14, 68 IAC 2-6-16 through 68 IAC 2-6-19, 68 IAC 2-6-21 through 68 IAC 2-6-43, 68 IAC 2-6-46, and any other applicable standards adopted by the commission.
28. The Commission issued specific testing protocol for SWK's that shall be conducted by Gaming Agents prior to being placed in-service.
29. On October 5, 2021, a Caesars Sportsbook Manager requested to move eight (8) new SWK's. The SWK's were stored in a separate locked storage room in the casino and required a serial number verification by Gaming Agents prior to being moved to the casino floor. The Gaming Agent verified the SWK's and approved the movement to the casino floor. The Gaming Agents worked with the Caesars Sportsbook Technician's ("Technician") to begin the installation of the SWK's. The Technician completed the installations and generated a hash signature for verification by the Gaming Agent. Upon completing the verifications, the Gaming Agent asked if the SWK's were operational for patrons. The Technician advised that the SWK's were disabled. The Gaming Agent advised the Technicians that they would begin the testing protocol when the Gaming Agent returned from lunch. A Technician later reported to the Gaming Agents that patrons were able to place wagers on three (3) SWK's and print a ticket and/or voucher.

COUNT VII

30. 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.

31. 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.
32. 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.
33. On October 19, 2021, the Commission received a separation from service form from Caesars Sportsbook for a Digital Sportsbook VIP Analyst, showing a separation date of September 14, 2021. The Commission was not notified in a timely manner.
34. On December 23, 2021, the Commission received a separation from service form from Caesars Sportsbook for a Risk and Fraud Assistant, showing a separation date of November 17, 2021. The Commission was not notified in a timely manner.
35. On December 28, 2021, the Commission received a separation from service form from Caesars Sportsbook for a Software Engineer, showing a separation date of October 15, 2021. The Commission was not notified in a timely manner.

TERMS AND CONDITIONS

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

Caesars Sportsbook shall pay to the Commission a total of \$16,000 (\$5,000 for Count I, \$5,000 for Count II, \$1,000 for Count III, \$1,000 for Count IV, \$1,500 for Count V, \$1,000 for Count VI and \$1,500 for Count VII) 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, Caesars Sportsbook agrees to promptly remit payment in the amount of \$16,000 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

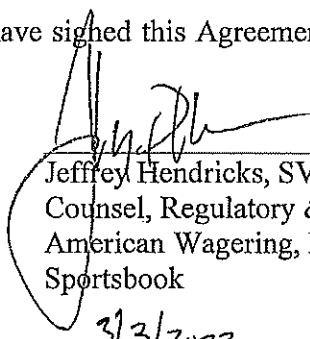
not be modified, supplemented, or amended, in any manner, except by written agreement signed by all Parties.

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 Caesars Sportsbook.

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



Jeffrey Hendricks, SVP & Assistant General
Counsel, Regulatory & Compliance
American Wagering, Inc. d/b/a Caesars
Sportsbook

Date

3/3/2022

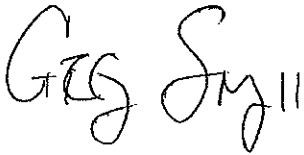
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Greg Small, Executive Director
Indiana Gaming Commission

Jeffrey Hendricks, SVP & Assistant General
Counsel, Regulatory & Compliance
American Wagering, Inc. d/b/a Caesars
Sportsbook

3/8/22

Date

Date