

- Exhibit 1:** Investigations and Enforcement Bureau Sports Wagering Noncompliance Incident Review Report, dated February 10, 2023
- Exhibit 2:** Notice of March 14, 2023 Hearing
- Exhibit 3:** E-mail from Joseph Wenzel to Burke Cain and Diane Podolak, dated February 3, 2023
- Exhibit 4:** Kambi Incident Report, dated February 6, 2023
- Exhibit 5:** Sportsbook SOP for Checking Excluded MA College Teams in Kambi

At the request of the Commission, PPC also provided responses to specific questions related to the facts of the noncompliance incident. Additionally, PPC provided the Commission with spreadsheets setting out facts related to each unauthorized wager.

III. Analysis

Per statute, regulation, and the Massachusetts Sports Wagering Catalog, Operators may not offer wagers on any collegiate sport or athletic event involving any collegiate teams from the Commonwealth unless the teams are involved in a collegiate tournament. G.L. c. 23N, § 3 (defining the terms “[s]ports event” and “sporting event” and stating that they “shall not include...a collegiate sport or athletic event involving 1 or more collegiate teams from the commonwealth unless they are involved in a collegiate tournament”); 205 CMR 247.01(2)(a)(2) (“[a]n Operator shall not offer Sports Wagering on...Any Collegiate Sport or Athletic Event...Involving any collegiate teams from the Commonwealth, unless the teams are involved in a Collegiate Tournament); Massachusetts Sports Wagering Catalog (“Wagering on Massachusetts’ collegiate teams is not allowed unless it is involved in a tournament format event.”).

PPC stipulated to the contents of Exhibit 1, the Report. The Commission adopts the findings of fact contained in the Report and finds that the evidence presented at and subsequent to the adjudicatory proceeding, as described above, collectively demonstrates that by allowing wagers on the February 2, 2023 Merrimack College Men’s Basketball game, PPC violated G.L. c. 23N, § 3; 205 CMR 247.01(2)(a)(2); and the Massachusetts Sports Wagering Catalog.

The facts of the noncompliance incident are as follows. On February 2, 2023, PPC offered wagers on a regular season Merrimack College Men’s Basketball game versus the Long Island University Sharks. The game in question involved a Massachusetts collegiate team (Merrimack College) and was not part of a collegiate tournament. Wagering was offered for approximately seven hours, from 11:01 a.m. to 6:20 p.m. Thirty-three wagers were placed across twenty-seven coupons/tickets/vouchers (hereinafter “tickets”). The total amount wagered was \$6,847.71. Of the thirty-three wagers, four were placed at the cashier’s over the counter desk and the remainder were placed at kiosks.

At approximately 6:45 p.m. on February 2, 2023, a PPC sportsbook writer (an employee who takes patrons’ bets at the cashier’s desk) identified that wagering had been offered on an

unauthorized event when a patron came to redeem a winning ticket. The PPC employee reported the noncompliance incident to PPC management. At 12:15 pm on February 3, 2023, PPC notified its sports wagering event system provider, Sports Information Services Limited d/b/a Kambi (“Kambi”) of the noncompliance incident.¹ As explained below, Kambi corrected the error that led to the noncompliance incident by 12:26 p.m. the same day (11 minutes after notification). PPC also notified Penn Sports Interactive (“PSI”) of the noncompliance incident.² On February 3, 2023, at approximately 3:40 p.m., PPC Compliance Manager Lisa McKenney notified Director Band of the noncompliance incident.

Wagering was allowed on an unauthorized event because Kambi assigned the “participant school state” for Merrimack College as Florida, rather than Massachusetts. This allowed the Merrimack College game in question to bypass offering compliance filters, which were configured to block all regular season matches involving Massachusetts collegiate teams based on their assigned participant school state.

After correcting the error in question, Kambi confirmed that all other Massachusetts teams in its system were properly identified as Massachusetts schools. Additionally, Kambi added a second layer of protection by creating a filter for NCAA wagers in Massachusetts that are not part of a collegiate tournament. Kambi also informed PPC that it would follow up both with its entire team regarding guidelines for coding participant states and with the staff person responsible for the error in question.

PPC provided Commission staff with a listing of all Massachusetts institutions to which the prohibition should apply. The Commission’s Sports Wagering Department reviewed the list and verified that it was complete. PPC also provided the list of Massachusetts teams to all of its sportsbook personnel. PPC further instructed its staff, including writers and sportsbook managers, to ensure that wagers are authorized and informed them that they could be subject to discipline if wagers on unauthorized events are allowed. PPC has instituted a daily check to confirm that wagers on Massachusetts collegiate teams not involved in a collegiate tournament are not offered in Kambi’s system. The PPC sportsbook manager checks the list daily and is required to sign off, attesting to having reviewed it and confirming that unauthorized wagers are not offered. Finally, PPC recognized and rewarded the team writer who initially identified and reported the noncompliance incident.

Per G.L. c. 23N, §§ 4, 16 and 205 CMR 232, and upon finding the violations described above, the Commission may issue a civil administrative penalty, impose conditions on PPC’s license, suspend PPC’s license, revoke PPC’s license, reprimand PPC, and/or assess a fine on PPC.

After consideration of the law and facts, the Commission has determined that PPC is to be assessed a fine of \$20,000. G.L. c. 23N, § 16(i)(ii) and (vii). The Commission finds that PPC was not in compliance with sports wagering regulations promulgated pursuant to G.L. c. 23N

¹ Kambi holds a temporary vendor license.

² For the purposes of the noncompliance incident, PSI serves as a vendor to PPC and holds a temporary vendor license. PSI is separately licensed as a tethered Category 3 Sports Wagering Operator. It is tethered to Category 1 Operator PPC.

and that the business practices that led to the noncompliance incident were injurious to the policy objectives of G.L. c. 23N. *See id.* The purpose of the fine is two-fold, serving both as a consequence for violating statute, regulation, and the Massachusetts Sports Wagering Catalog and as a deterrent from letting the same or similar violations occur again.

The Commission has determined that the amount of the fine is appropriate in light of the following considerations. First, the Commission appreciates the fact that PPC recognized and rewarded the team member who brought the noncompliance incident to its attention. Such action fosters an environment where employees are empowered to report issues that may arise. Additionally, PPC quickly identified the reasons behind the noncompliance incident and, in conjunction with Kambi, worked to rectify the problem and put in place additional guardrails aimed at avoiding future noncompliance incidents.

The noncompliance incident was, however, a serious violation of statute, regulation, and the Massachusetts Sports Wagering Catalog. First, in enacting chapter 23N, the legislature made clear that wagers on Massachusetts collegiate teams not involved in a collegiate tournament are prohibited. That prohibition was in place the day the statute was enacted. Second, a significant number of wagers, thirty-three, were made on the unauthorized event. Third, four of those wagers were placed with PPC employees at over the counter desks. None of the employees recognized that the wagers in question were unauthorized. Finally, PPC did not notify Kambi of the noncompliance incident for over seventeen hours after learning of the incident.³

IV. Conclusion

For the foregoing reasons, the Commission finds that PPC violated G.L. c. 23N, § 3; 205 CMR 247.01(2)(a)(2); and the Massachusetts Sports Wagering Catalog. As a result, the Commission hereby fines PPC \$20,000.

SO ORDERED.

MASSACHUSETTS GAMING COMMISSION

By:



Cathy Judd-Stein, Chair

³ While the present decision applies to Category 1 Sports Wagering Operator PPC, the Commission notes that Occupational Licensees, Sports Wagering Vendor Licensees, and Sports Wagering Registrants are also potentially subject to discipline for their actions. 205 CMR 232.

Bradford R. Hill

Bradford R. Hill, Commissioner

Jordan Maynard

Jordan Maynard, Commissioner

Eileen M. O'Brien

Eileen M. O'Brien, Commissioner

Nakisha L. Skinner

Nakisha L. Skinner, Commissioner

DATED: July 21, 2023