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Advanced Issues in Indiana Gaming

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Advanced Issues in Indiana Gaming

July 14-15, 2022

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ADVANCED ISSUES IN INDIANA GAMING

July 14-15, 2022

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ADVANCED ISSUES IN INDIANA GAMING



Agenda

July 14, 2022

- 1:30 P.M. Registration
- 2:00 P.M. Indiana Sports Betting
Sara Martin, Director of Sports Wagering and Paid Fantasy Sports
- 3:00 P.M. Refreshment Break**
- 3:15 P.M. Tribal lands in Indiana: the potential impact
*Cynthia Carrasco, Riley Bennett Egloff LLP,
formerly Deputy General Counsel for Governor Eric Holcomb*
- 4:15 P.M. Anti-Money Laundering compliance and best practices
*Alex Dudley, Deputy General Counsel
Manny Becker, Investigator Gaming Integrity Division*
- 5:15 P.M. Adjourn Day One
- 5:30 P.M. Hosted Reception**
- 7:30 P.M. Free Time

July 15, 2022

- 8:30 A.M. Continental Breakfast
- 9:00 A.M. What's ahead with iGaming
Dennis Mullen, General Counsel
- 10:00 A.M. Coffee Break**
- 10:15 A.M. Ethical Considerations in Gaming Law
Bob Opat, License Control Counsel and Ethics Officer
- 11:15 A.M. Online Gaming Cyber Security
*Chris Neal, Staff Attorney
Rudy Perez, Investigator Sports Wagering and Paid Fantasy Sports*
- 12:15 P.M. Adjourn**

July 14-15, 2022

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July 14-15, 2022

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Greg Small, Indiana Gaming Commission, Indianapolis



Greg Small is the Executive Director for the Indiana Gaming Commission. Before becoming the Executive Director, Greg was the Commission General Counsel from August 2015 through August 2021. As Executive Director, he oversees an agency that regulates casino gaming, sports wagering, charity gaming, and boxing and mixed martial arts, and which contributes approximately \$520M in wagering tax, \$40M in supplemental tax, and \$25M in sports wagering tax into state and local funds. The Commission has a staff of almost 250 employees, including 170 certified law enforcement officers. A native of Mooresville, Indiana, Greg received his undergraduate degree from the University of Pennsylvania in 1997, and his law degree from the Indiana University Maurer School of Law. Prior to joining to the Commission, Greg was a partner at the law firm Krieg DeVault LLP as well as an assistant city attorney for the City of Bloomington.

Manuel Becker, Indiana Gaming Commission, Indianapolis



Investigator Gaming Integrity Division, Indiana Gaming Commission, Indianapolis, IN

Cynthia V. Carrasco, Riley Bennett Egloff LLP, Indianapolis



Prior to joining RBE, *Cynthia Carrasco* served as Deputy General Counsel and Ethics Officer to Indiana Governor Eric Holcomb. Before joining the Holcomb administration, Ms. Carrasco served as Inspector General of the State of Indiana. The Office of Inspector General was created in 2005 and is statutorily charged with addressing fraud, waste, and wrongdoing in state government. Ms. Carrasco previously served as the Executive Director for the Indiana State Ethics Commission.

A native of El Paso, Texas, Ms. Carrasco graduated from the University of Texas at El Paso with a Bachelor of Arts degree in Political Science and earned her Juris Doctor degree from the Indiana University Robert H. McKinney School of Law.

Alex J. Dudley, Indiana Gaming Commission, Indianapolis



Deputy General Counsel, Indiana Gaming Commission, Indianapolis, IN

Sara T. Martin, Director of Sports Wagering and Paid Fantasy Sports - Indiana Gaming Commission

- Joined IGC in April 2018 as License Control Counsel.
- Prior to joining the IGC, I was a Deputy Attorney General at the Indiana Office of Attorney General and worked as a staff attorney in Barnes & Thornburg's Indianapolis office.
- B.A. in Computer Science from Indiana University – Bloomington
- J.D. from The Ohio State University Moritz College of Law
- Admitted to the Indiana Bar in 2011

Dennis E. Mullen, Indiana Gaming Commission, Indianapolis



General Counsel, Indiana Gaming Commission, Indianapolis, IN

Christopher J. Neal, Indiana Gaming Commission, Indianapolis



Staff Attorney, Indiana Gaming Commission, Indianapolis, IN

Bob Opat is a graduate of Indiana University – Bloomington and Georgetown University Law School. Bob began working for the state in 2017, as a staff attorney for the Department of Child Services in Marion County. In 2019, Bob transferred to the Indiana Gaming Commission, and is currently serving as the License Control Counsel and Ethics Officer.

Rudy Perez, Indiana Gaming Commission, Indianapolis, IN



Investigator Sports Wagering & Paid Fantasy Sports, Indiana Gaming Commission,
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Ethical Considerations in Gaming Law..... Robert J. Opat

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Section Six

**Online Gaming Cyber Security Threats..... Rudy Perez
Christopher J. Neal**

PowerPoint Presentation

Section One

Colorado Audit – An Overview and Lessons Learned

Sara T. Martin
Indiana Gaming Commission
Indianapolis, Indiana

Section One

**Colorado Audit – An Overview
and Lessons Learned..... Sara T. Martin**

PowerPoint Presentation



COLORADO AUDIT – AN OVERVIEW AND LESSONS LEARNED

- COLORADO DEPARTMENT OF REVENUE CONDUCTED AUDIT OF CO DIVISION OF GAMING
- AUDIT RESULTS ISSUED IN APRIL 2022
- ISSUED FINDINGS, CONCLUSIONS, RECOMMENDATIONS, AND RESPONSES OF DIVISION OF GAMING

COLORADO AUDIT – KEY FINDINGS

- As of March 2022, 35 of 39 (90%) of operators held a temporary license
- Auditors found temporary licenses were issued without completing a minimum background check – 5 licensees that were sampled
- Sampled 22 sports betting tax filings between May 2020 and April 2021
 - Found a wide variation between the amount of wagering activity (i.e., bets, free bets, and payments to players) that operations reported after each gaming day compared to the totals they reported in their monthly tax filing
- Auditors recommended that CO Legislature reconsider the effect of a law that allows sports betting operators to deduct and carry forward operating losses

COLORADO – BACKGROUND

- Audit conducted from May 2020 to April 2021
- \$2.3 billion wagered in Colorado on authorized sporting events, with the NBA, NCAA basketball, and NFL football having the most money wagered
- 98% of sports betting occurred online
- Division of Gaming – created in 1991 to license, implement and oversee limited gaming in the state
 - Contains a 5-member Governor-appointed Commission that promulgates regulations governing the licensing, conducting, and operating of limited gaming, among other duties

COLORADO – LICENSING

- Several different license types, based on the activities conducted
 - Master licenses – available to casinos; may conduct retail or mobile or contract with a third-party operator to conduct these activities on the casino’s behalf
 - Masters and operators are subject to background investigations
- Planned operational date of May 1, 2020
 - Commission granted permanent “master” licenses to casinos that were already licensed to offer limited gaming, but granted temporary licenses to other applicants that applied for permanent licensure. The temporary licenses, which were valid for 2 years, were granted based on the results of limited investigations the Division conducted within several weeks, rather than the more thorough investigations that the Division planned to complete before issuing permanent licenses, which could take up to a year
 - By May 2020, 33 permanent master licenses were issued, 29 temporary licenses issued

COLORADO LICENSING – PROBLEMS IDENTIFIED

- Planned investigatory work not completed
 - 3 of the 5 (60 percent) operators and 8 of the 10 (80 percent) principals in the sample, the Division did not have evidence that it had completed the minimum required criminal history procedures that it had established for temporary investigations
 - For 3 of the 5 (60 percent) operators and six of the 10 (60 percent) principals in the sample, the Division did not complete the minimum regulatory history procedures that it had established for temporary investigations
 - For 3 of the 5 (60 percent) operators and 3 of the 10 (30 percent) principals in the sample, the Division did not have evidence that it had completed the minimum financial procedures that it had established for temporary investigations

COLORADO LICENSING – PROBLEMS IDENTIFIED

- Division did not pursue international checks and had no procedures to verify financial histories of international license applicants
 - Division response: investigators prioritized domestic regulator checks and were not expected to follow up on international licensing or criminal history; cited privacy laws in other countries as well as Covid-19 restrictions
- Division did not have procedures to translate documents
- Financial investigations lacked independent analysis, and adequate documentation

COLORADO – DIVISION RESPONSE

- Higher than expected volume of applicants
- Department-wide hiring freeze in early 2020 resulting from COVID-19-related budget constraints, as well as staff turnover and retirements
- Difficulty obtaining documentation due to Covid-19 restrictions

COLORADO AUDIT – WHY DOES IT MATTER?

- Incomplete criminal and regulatory history means operators are approved for licensure that would otherwise be disqualified
 - One operator, including the holding company and all subsidiaries, are owned entirely by one individual who had no historical presence in the United States. Their residential, business, education, and legal histories spanned several other countries, none of which will be investigated until the final investigation
- Limited financial and operational investigation means that businesses that are financially unstable may be allowed into the market

COLORADO AUDIT - RECOMMENDATIONS

- Risk-based approach to licensing investigations
- Written procedures that include the following elements:
 - Minimum essential information needed to support a recommendation of temporary versus permanent licensure
 - Risk-based approach that clearly defines the objectives of the investigation process, identifies high-risk areas, and establishes investigative procedures
 - Clear parameters on the quantity and quality of evidence needed to develop consistent conclusions in the risk areas specific to sports betting
 - Guidance for navigating international investigations
 - Information for what must be included in a recommendation report
 - Requirements for documenting investigatory work
 - Standardized supervisor review of investigations

COLORADO AUDIT – VERIFICATION OF SPORTS BETTING TAX LIABILITY

- Sports betting operations are required to pay 10% tax on net proceeds
- Net sports betting proceeds means the total amount of all bets placed by players in an operation—including Internet operations—excluding free bets, less all payments to players and less all excise taxes paid pursuant to federal law.
- Payments to players include all payments of cash premiums, merchandise, or any other thing of value”

COLORADO AUDIT – VERIFICATION OF SPORTS BETTING TAX LIABILITY

- Findings:
 - Variances in reported wagering activity
 - The Good: information the operations reported in their monthly tax filings matched the data they submitted for the free bet and adjustment reports
 - The Bad: for 19 of the 22 filings sampled, there was a wide variation between the amount of wagering activity (i.e., bets, free bets, and payments to players) that operations reported after each gaming day compared to the totals that they reported in their monthly tax filings
 - The Ugly: One operation reported \$1.4 million more in net sports betting proceeds in its daily wager reports than it reported in its monthly tax filing; while another operation that reported \$1 million less in net sports betting proceeds in its daily wager reports compared to its monthly tax filing.
 - One paid \$141,000 less in sports betting tax than would have been expected based on information in its daily wager reports, while the other operation paid \$101,000 more in sports betting tax

COLORADO AUDIT – VERIFICATION OF SPORTS BETTING TAX LIABILITY

- NOTE: Some variation between the pre-reconciliation reports and monthly tax filings is to be expected because of the nature of the sports betting industry and the way betting transactions occur.
 - Bets can be altered, voided, or canceled after they are placed, and these changes may not occur on the same day as the initial wager
- However, CO DOR found that operators did not always submit supporting documentation to substantiate changes to the net sports betting proceeds

COLORADO AUDIT – VERIFICATION OF SPORTS BETTING TAX LIABILITY

- Findings:
 - Division does not require operations to supply documentation to substantiate changes to reported wagering data
 - Some operators did submit complete data on every wager placed, but the Division's overall approach is to rely on operators to self-regulate
 - Integrity monitoring providers are not intended to provide routine verification of operations' tax filings or be a substitute for the provision of documentation
 - As point of comparison, casinos in CO are required to submit annual financial audits, which enable the Division to verify the accuracy of the wagering data

COLORADO AUDIT – VERIFICATION OF SPORTS BETTING TAX LIABILITY

- Why we should care
 - Taxes: CO DOR found that operations in the sample reported tax liabilities of about \$3 million in tax, but that amount would have been about \$292,000, or almost 10 percent, higher if operations had calculated their tax liability based on the original wager data they submitted
 - Fraud: Division may be less likely to deter operators from falsifying figures or applying adequate due process to verify the accuracy of their reporting
- Recommendations:
 - Require documentation to support the wager amounts reported, including adjustments
 - Implement additional policies and procedures for Audit staff
 - Better utilize audit staff

COLORADO AUDIT – POLICY CONSIDERATION RELATED TO OPERATING LOSS DEDUCTIONS

Exhibit 2.5

Comparison of Net Sports Betting Tax Liability Calculation in Statute and Rules

Statute [Sections 44-30-1501(7) and 44-30-1508(1), C.R.S.]	Commission Rules [1 CCR 207-2, Rule 7.8(2)(b)]
Total Bets Placed	Total Bets Placed
– Free Bets	– Free Bets
– Payouts to Winners	– Payouts to Winners
– Federal Excise Tax	– Federal Excise Tax
	– Losses carried forward
= Net Sports Betting Proceeds (the Tax Base)	= Net Sports Betting Proceeds (the Tax Base)
x Tax Rate of 10%	x Tax Rate of 10%
= Sports Betting Tax Liability	= Sports Betting Tax Liability

Source: Office of the State Auditor analysis of statute and rule.

COLORADO AUDIT – POLICY CONSIDERATION RELATED TO OPERATING LOSS DEDUCTIONS

- Audit found that Commission rule may have reduced the amount of tax revenue collected vs. what voters and the legislature intended
- Resulted in an effective tax rate of 9% instead of the 10% set forth in statute
- CO cited Indiana law as a model they used when devising the loss-carryover provision; however, Auditors found that deductions vary. For example, Indiana does not allow free bets to be deducted.
- CO Auditors provided no policy recommendations but suggested it is a matter for the CO legislature to consider

COLORADO AUDIT – LICENSING STATS

- By March 2022 (since January 2020), Colorado had issued:
 - 33 permanent master licenses
 - 23 temporary and 3 permanent internet sports betting operator licenses
 - 12 temporary and 1 permanent retail sports betting operator licenses
- By March 2022 (since July 2019), Indiana has issued:
 - 15 Certificate of Authority licenses (all 15 permanent)
 - 17 Mobile Vendor Licenses (6 permanent, 9 temporary, 2 relinquished)
 - Note: 2 mobile vendors are winding down Indiana operations (theScore, Twinspires)
 - 7 Retail Vendor Licenses (6 permanent, 1 temporary)

FINTECH COMPANIES AND SPORTS WAGERING: REGULATOR'S PERSPECTIVE

- “Gaming is one of the top three industries globally for digital fraud attempts,” Declan Raines, head of U.S. gaming for [TransUnion](#), told *Sports Handle*. “We’re seeing almost a 400 percent increase [between the second quarter of 2020 and the second quarter of 2021]. Obviously, the growth of the U.S. market is the main factor behind that. Right now, the market is so focused on acquisition that the bonuses being extended mean that operators are more exposed.”

WHAT IS FINTECH?

- “Fintech company” describes any business that uses technology to modify, enhance, or automate financial services for businesses or consumers.
- Examples: mobile banking, peer to peer payment services (Venmo, CashApp), automated portfolio managers (e.g., Wealthfront, Betterment), or trading platforms such as Robinhood
- Can include the development and trading of cryptocurrencies
- Generally trusted by consumers (2020 survey by Forbes magazine indicated 68% of consumers trust fintech)
- Source: [The Beginner’s Guide to Fintech | Columbia Engineering Boot Camps](#)

FINTECH PAYMENT PROVIDERS – SPORTS WAGERING REGISTRANTS

68 IAC 27-2-19 Sports wagering registration requirement

Authority: IC 4-38-1-4; IC 4-38-3-1

Affected: IC 4-33-7; IC 4-38-2-20

Sec. 19. (a) An individual or entity that is contracted to provide goods or services that the executive director or the executive director's designee determines affects the conduct of sports wagering, but falls outside of the scope of a supplier's license under IC 4-33-7 or a sports wagering service provider under IC 4-38-2-20, shall be required to register with the commission as a sports wagering registrant.

(b) Affiliates that provide marketing or other services meant to promote sports wagering websites shall register with the commission under this section.

(c) A sports wagering operator shall conduct due diligence in a commercially reasonable manner regarding the:

- (1) criminal history;
- (2) character; and
- (3) reputation;

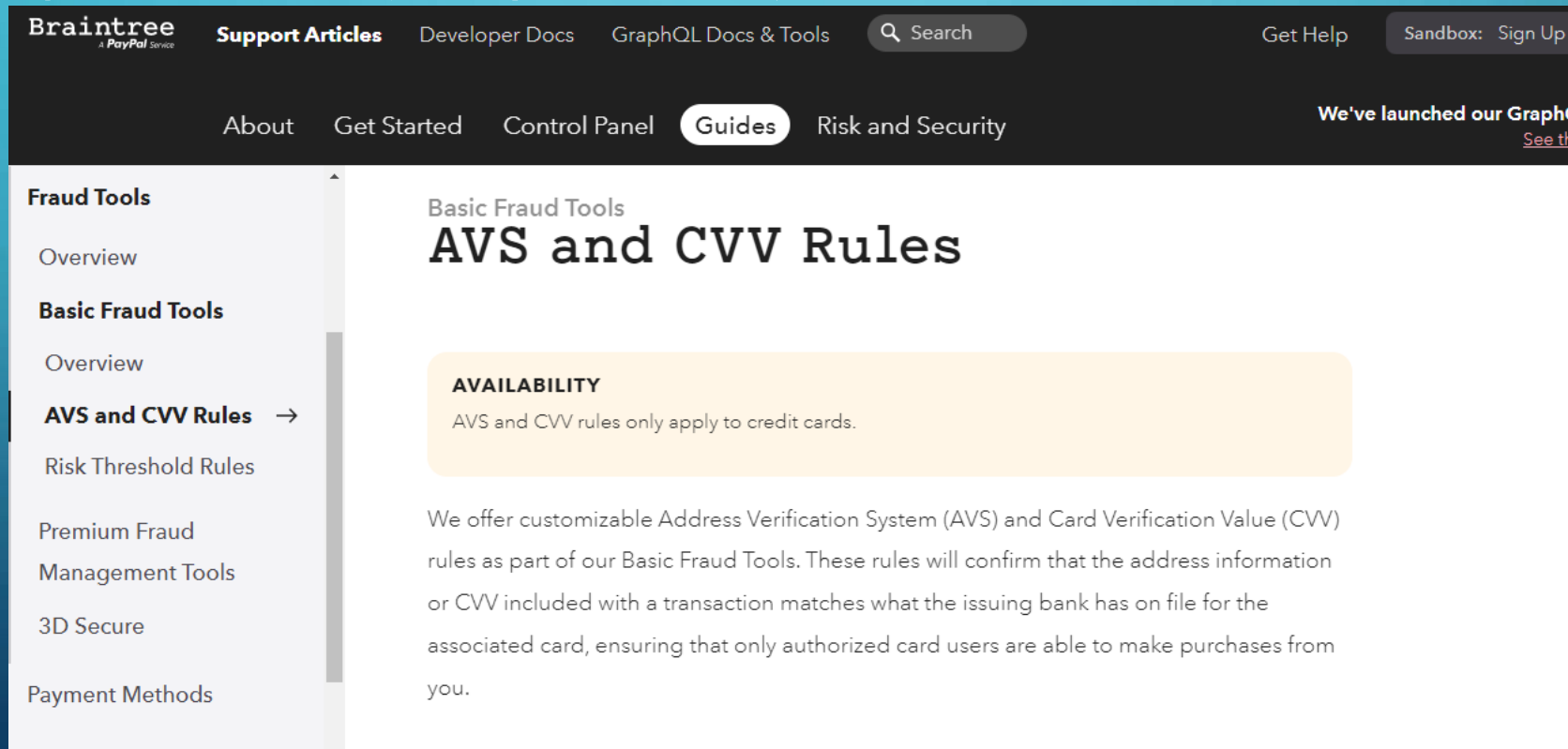
of each contracted sports wagering registrant. This information shall be provided to the commission upon request. *(Indiana Gaming Commission; 68 IAC 27-2-19; filed Jun 25, 2021, 2:59 p.m.: 20210721-IR-068200420FRA)*

FINTECH PAYMENT PROVIDERS – SPORTS WAGERING REGISTRANTS

- Examples: PayPal, WorldPay, Trustly (PayWithMyBank)
- Payment Providers may be important tool in reducing fraud and theft
- Credit and debit card processors are able to perform checks on cards (CVV, Address, Zip Code, etc.)
- Typically, it is up to the merchant/client of the payment provider to determine which checks are performed and what the merchant/client does with such information

FINTECH PAYMENT PROVIDERS – SPORTS WAGERING REGISTRANTS

- Example: Braintree (a PayPal brand)



The screenshot shows the Braintree developer documentation website. The top navigation bar includes the Braintree logo, 'Support Articles', 'Developer Docs', 'GraphQL Docs & Tools', a search bar, 'Get Help', and 'Sandbox: Sign Up'. The main navigation menu has 'About', 'Get Started', 'Control Panel', 'Guides' (highlighted), and 'Risk and Security'. A sidebar on the left lists various fraud tools, with 'AVS and CVV Rules' selected and indicated by a right-pointing arrow. The main content area is titled 'Basic Fraud Tools' and 'AVS and CVV Rules'. A yellow callout box highlights the 'AVAILABILITY' section, stating that AVS and CVV rules only apply to credit cards. Below this, the text explains that Braintree offers customizable AVS and CVV rules to confirm address and CVV information matches the issuing bank's records for the associated card.

Braintree A PayPal Service **Support Articles** Developer Docs GraphQL Docs & Tools Get Help [Sandbox: Sign Up](#)

[About](#) [Get Started](#) [Control Panel](#) **Guides** [Risk and Security](#) [We've launched our GraphQL API](#) [See the docs](#)

Fraud Tools

- Overview
- Basic Fraud Tools**
- Overview
- AVS and CVV Rules** →
- Risk Threshold Rules
- Premium Fraud
- Management Tools
- 3D Secure
- Payment Methods

Basic Fraud Tools

AVS and CVV Rules

AVAILABILITY

AVS and CVV rules only apply to credit cards.

We offer customizable Address Verification System (AVS) and Card Verification Value (CVV) rules as part of our Basic Fraud Tools. These rules will confirm that the address information or CVV included with a transaction matches what the issuing bank has on file for the associated card, ensuring that only authorized card users are able to make purchases from you.

FINTECH PAYMENT PROVIDERS – SPORTS WAGERING REGISTRANTS

About Get Started Control Panel **Guides** Risk and Security

We've launched our GraphQL API [See the docs](#)

Fraud Tools

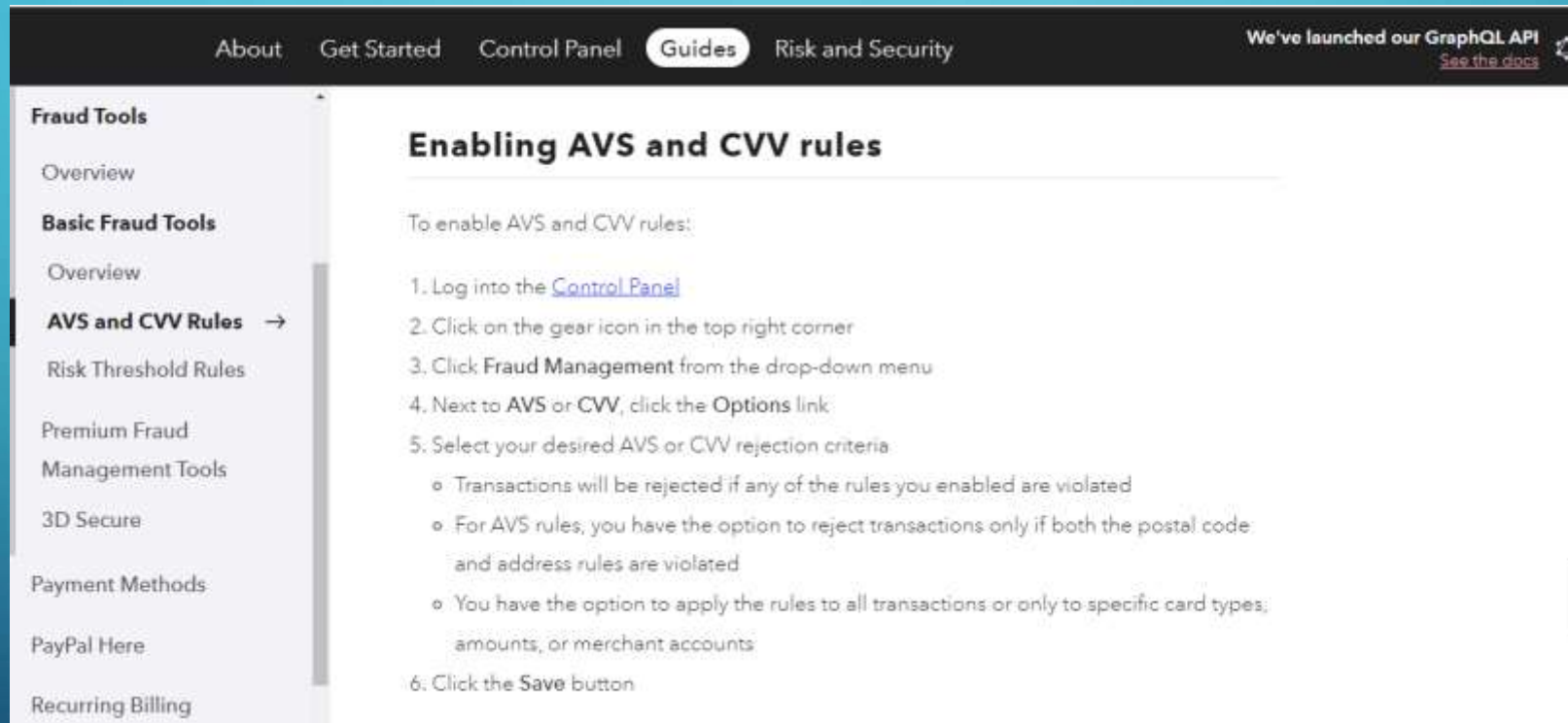
- Overview
- Basic Fraud Tools**
- Overview
- AVS and CVV Rules** →
- Risk Threshold Rules
- Premium Fraud
- Management Tools
- 3D Secure

How AVS and CVV rules work

When you submit a transaction or verification request for a new credit card, we pass the address and CVV information provided to the card-issuing bank. If the bank approves, their approval response will include [AVS and CVV response codes](#); these codes indicate whether the numeric values for the address and CVV match their records.


If the issuing bank's response triggers one of your AVS or CVV rules, we will reject the transaction or verification and send a void request to the issuing bank. Keep in mind that [some banks don't recognize void requests immediately](#). If you do not have AVS or CVV rules enabled, we will ignore the response code.

FINTECH PAYMENT PROVIDERS – SPORTS WAGERING REGISTRANTS



The screenshot shows a web application interface with a dark header and a light sidebar. The header contains navigation links: 'About', 'Get Started', 'Control Panel', 'Guides' (highlighted), and 'Risk and Security'. On the right of the header, there is a notification: 'We've launched our GraphQL API' with a gear icon and a link 'See the docs'. The sidebar on the left lists various categories: 'Fraud Tools' (with sub-items 'Overview', 'Basic Fraud Tools', 'AVS and CVV Rules' which is selected and has a right-pointing arrow, 'Risk Threshold Rules', 'Premium Fraud', 'Management Tools', '3D Secure'), 'Payment Methods', 'PayPal Here', and 'Recurring Billing'. The main content area is titled 'Enabling AVS and CVV rules' and contains a list of six steps for enabling these rules.

About Get Started Control Panel **Guides** Risk and Security

We've launched our GraphQL API  [See the docs](#)

Fraud Tools

- Overview
- Basic Fraud Tools**
- Overview
- AVS and CVV Rules** →
- Risk Threshold Rules
- Premium Fraud
- Management Tools
- 3D Secure

Payment Methods

PayPal Here

Recurring Billing

Enabling AVS and CVV rules

To enable AVS and CVV rules:

1. Log into the [Control Panel](#)
2. Click on the gear icon in the top right corner
3. Click **Fraud Management** from the drop-down menu
4. Next to **AVS** or **CVV**, click the **Options** link
5. Select your desired AVS or CVV rejection criteria
 - Transactions will be rejected if any of the rules you enabled are violated
 - For AVS rules, you have the option to reject transactions only if both the postal code and address rules are violated
 - You have the option to apply the rules to all transactions or only to specific card types, amounts, or merchant accounts
6. Click the **Save** button

FINTECH PAYMENT PROVIDERS – SPORTS WAGERING REGISTRANTS

- Payment processors play a potentially important role in reducing fraud
- Sportsbooks present opportunity to both steal funds to a mobile account and launder those funds through wagering
- Customer experience (“friction” vs. security)
- Name verification is a problem
 - 68 IAC 27-12-5 provides that a patron’s account may be funded with the patron’s credit or debit card
 - However, issuing banks are not able to send first and last name information to sports wagering operators for verification due to Bank Privacy laws
 - Consequently, accounts can be funded using credit and debit cards that are not owned by the patron

PEER TO PEER AND SPORTS BETTING EXCHANGES: THE FUTURE?

- Peer to peer or betting exchanges are essentially betting marketplaces that allow bettors to wager against each other for lower fees
- Exchanges and peer to peer platforms have a low overhead because they do not need to employ a trading team or oddsmakers—no risk management
- Excite high stakes, professional gamblers because they won't be limited

PEER TO PEER AND SPORTS BETTING EXCHANGES: THE FUTURE?

- Issues: Liquidity & the Wire Act
- Exchange/peer to peer models must run individual platforms in each state
- Reduces the size and liquidity of the betting pools
- Mark Miscavage, an executive at London-based betting exchange Smarkets: “The biggest hurdle for us would be able to pool liquidity, in this case, between all the states,” he said. “I don’t know that there is one state that’s quite big enough to provide the liquidity and volume needed to run an effective exchange just for one state.”

PEER TO PEER AND SPORTS BETTING EXCHANGES: THE FUTURE?

- Legal questions—does current sports wagering statute contemplate these platforms that do not manage risk or employ trading teams
 - Peer to peer betting platforms may need separate set of rules regarding their conduct
 - For example, anonymity between bettors to reduce ability for bettors to use as a money laundering vehicle
 - Enhanced due diligence
- Cons—lack of bonuses, bets that don't get matched, maintaining enough liquidity

Section Two

Tribal Lands in Indiana The Potential Impact

Cynthia V. Carrasco
Riley Bennett Egloff LLP
Indianapolis, Indiana

Section Two

Tribal Lands in Indiana

The Potential Impact..... Cynthia V. Carrasco

Section Three

Anti-Money Laundering Compliance and Best Practices

Alex J. Dudley

Indiana Gaming Commission
Indianapolis, Indiana

Manuel Becker

Indiana Gaming Commission
Indianapolis, Indiana

Section Three

Anti-Money Laundering

**Compliance and Best Practices..... Alex J. Dudley
Manuel Becker**

Discussion Outline

PowerPoint Presentation



ICLEF 2022

Anti-Money Laundering Handout

1. Federal Laws and Regulations
 - a. Financial Crime Enforcement Network (FinCEN)
 - b. Title 31 U.S.C.
 - c. 31 U.S.C. 5324 – Structuring
2. Indiana Laws and Regulations
 - a. IC 35-45-15-5 Money Laundering
 - i. “criminal activity” IC 35-45-15-1
 - b. IC 35-45-6-2 Corrupt Business Influence
 - i. IC 35-45-6-1 definitions
 - c. IC 35-44.1-2-1 Perjury
3. Indiana Administrative Code
 - a. 68 IAC 15-2
 - b. 68 IAC 15-2-3 MTL requirements
 - c. 68 IAC 15-2-4 CTR requirements
4. Anti-Money Laundering Best Practices
 - a. American Gaming Association Guidelines
 - i. <https://sanctions.io/aml-guide-for-the-gaming-and-gambling-industry/>
 - b. Risk-Based Approach
 - c. Employee Training
 - d. Know Your Customer Process
5. Important Records from Casinos, Sportsbooks, and Sportsbook Apps
 - a. Player Tracking
 - i. Notes on gaming activity, average wager, number and dates of visits
 - b. Multiple Transaction Logs
 - i. CASH transactions over \$3k cumulative in a gaming day
 - c. Cash Transaction Report
 - i. Transactions over \$10k in any cash in or out

- d. Suspicious Activity Reports
 - e. CSADR
 - f. Security Report
 - i. Document any activity in which security personnel was involved, and any criminal investigation by gaming agents
 - g. Surveillance Report
 - i. Document any criminal, regulatory, or suspicious activity
 - h. ID Scanner
6. Gaming Integrity Division Goal
- a. The ultimate investigative goal of these comprehensive, integrated, and parallel financial investigations is to gather all applicable information and present potential criminal activity cases to local prosecutors, law enforcement agencies, and federal authorities for criminal prosecution, or to assist those entities with their own investigations. In this endeavor creating working relationships with County Prosecutors, Local Law Enforcement, State and Federal agencies.
7. Contact Information
- a. Indiana Gaming Commission
 - i. (317) 233-0046
 - b. Gaming Integrity Division Investigator Manuel Becker
 - i. (812) 483-5770
 - ii. Mbecker@igc.in.gov
 - c. Deputy General Counsel Alex Dudley
 - i. (317) 233-2387
 - ii. AIDudley@igc.in.gov

ICLEF

Anti-Money Laundering compliance and best practices

IGC DEPUTY GENERAL COUNSEL ALEX DUDLEY

INVESTIGATOR MANNY BECKER



What is Money Laundering?



Money Laundering in casinos, sportsbooks, and sportsbook apps

Are casinos, sportsbooks, and sportsbook apps required to follow Title 31 AML, BSA, Laws and Regulations?



Financial Crime Enforcement Network (FinCEN)

The U.S. Department of Treasury's Financial Crimes Enforcement Network, FinCEN establishes AML regulations specifically for the casino and gaming industry. The regulations requires the following:

1. An internal control system that ensures compliance with the Bank Secrecy Act
2. Proper training for staff so that they can identify suspicious activity
3. Adequate record-keeping in compliance with the Bank Secrecy Act
4. Identifying customers through their name, address, and Social Security number



Anti-Money Laundering Laws and Regulations

Federal Laws

Title 31

31 USC 5324 – Structuring

SAR Reporting

Indiana Administrative Code

68 IAC 15-2 – MTL and CTR requirements

Indiana Laws

I.C. 35-45-15-5 – Money Laundering

I.C. 35-45-6-2 – Corrupt Business Influence

I.C.35-44.1-2-1 - Perjury



Title 31 U.S.C.

(n) **Financial institution.** Each agent, agency, branch, or office within the United States of any person doing business, whether or not on a regular basis or as an organized business concern, in one or more of the capacities listed below:

(5)(i) **Casino.** A casino or gambling casino that: Is duly licensed or authorized to do business as such in the United States, whether under the laws of a State or of a Territory or Insular Possession of the United States, or under the Indian Gaming Regulatory Act or other federal, state, or tribal law or arrangement affecting Indian lands (including, without limitation, a casino operating on the assumption or under the view that no such authorization is required for casino operation on Indian lands); and has gross annual gaming revenue in excess of \$1 million. The term includes the principal headquarters and every domestic branch or place of business of the casino.



IC 35-45-15-5 Money Laundering

IC 35-45-15-5 Money laundering; defenses

Sec. 5. (a) A person that knowingly or intentionally:

- (1) acquires or maintains an interest in, **receives, conceals, possesses, transfers, or transports the proceeds of criminal activity;**
- (2) **conducts, supervises, or facilitates a transaction involving the proceeds of criminal activity;** or
- (3) invests, expends, receives, or offers to invest, expend, or receive, the proceeds of criminal activity or funds that are the proceeds of criminal activity, and **the person knows that the proceeds or funds are the result of criminal activity;**

commits money laundering, a Level 6 felony. However, the offense is:

- (A) a Level 5 felony if the value of the proceeds or funds is at least fifty thousand dollars (\$50,000);



Criminal Activity

IC 35-45-15-1

Sec. 1. As used in this chapter, “criminal activity” means any offense that:

- (1) is classified as a felony under Indiana or United States law; or
- (2) occurs in another state and is punishable by confinement for more than one (1) year under the laws of that state.



Money Laundering in casinos? How?

Simple Cash Exchange – Small denomination currency for large denomination \$100

Bill Stuffing – placing currency into gaming machines and cashing out with minimal play

Sportsbook – Cash wagers at SBBT's/KIOSK's anonymously

In all of these the intent is to show this currency is a legitimate source of income from legalized gaming and sports wagering.



Money Laundering – 35-45-15-5

Patron brings in \$41K in \$20 bills and buys casino chips. Less than 1 hour later patron returns to cash in his chips of \$49K. Three days later patron again brings \$35K in \$20 bills and cashes out \$44K with minimal gaming.

Surveillance – Video Documentation

Table Games rating – Documented minimal play

Cage records – Documented Cash IN and Cash OUT

IC 35-44.1-2-1 Perjury

Sec. 1. (a) A person who:

(1) makes a false, material statement under oath or affirmation, knowing the statement to be false or not believing it to be true; or



Narcotic Investigations



Demetrius B. Catching from Lexington, KY

Federal parole for prior drug trafficking conviction.

Wagering activity at Horseshoe South and Belterra suspicious due to sudden large amounts. He is banned from properties for KYC. Takes wagering activity to Hollywood casino. Later banned from that property as well. Begins to use proxies (Agents) to make his wagers. There were 6 other proxies making wagers at Belterra and Hollywood casino.

A joint investigation by the Nicholasville, KY PD and Federal Parole agents found Catching was involved drug trafficking. Case was later adopted by the IRS CI unit for the money laundering.

Player tracking and Cage records assisted in documenting \$3.2 million in transactions.



IC 35-45-6-2 Corrupt Business Influence

IC 35-45-15-1 "Criminal activity" defined

Sec. 1. As used in this chapter, "criminal activity" means any offense that:

(1) is classified as a felony under Indiana or United States law; or

IC 35-45-6-2 Corrupt business influence

Sec. 2. A person:

(1) who has knowingly or intentionally received any proceeds directly or indirectly derived from a pattern of racketeering activity, **and who uses or invests those proceeds or the proceeds derived from them to acquire an interest in property** or to establish or to operate an enterprise;

(2) who through a pattern of **racketeering activity**, knowingly or intentionally acquires or maintains, either directly or indirectly, an interest in or control of property or an enterprise; or

(3) who is employed by or associated with an enterprise, and who knowingly or intentionally conducts or otherwise participates in the activities of that enterprise through a pattern of racketeering activity;

commits corrupt business influence, a Level 5 felony.



IC 35-45-6 Chapter 6. Racketeer Influenced and Corrupt Organizations

IC 35-45-6 Chapter 6. Racketeer Influenced and Corrupt Organizations

IC 35-45-6-1 Definitions

Sec. 1. (a) The definitions in this section apply throughout this chapter.

(d) "Pattern of racketeering activity" means engaging in at least two (2) incidents of racketeering activity that have the same or similar intent, result, accomplice, victim, or method of commission, or that are otherwise interrelated by distinguishing characteristics that are not isolated incidents. However, the incidents are a pattern of racketeering activity only if at least one (1) of the incidents occurred after August 31, 1980, and if the last of the incidents occurred within five (5) years after a prior incident of racketeering activity.

(e) "Racketeering activity" means to commit, to attempt to commit, to conspire to commit a violation of, or aiding and abetting in a violation of any of the following:

(21) Perjury ([IC 35-44.1-2-1](#)).

(28) Dealing in or manufacturing cocaine or a narcotic drug ([IC 35-48-4-1](#)).

(29) Dealing in methamphetamine ([IC 35-48-4-1.1](#)).

(34) Dealing in marijuana, hash oil, hashish, or salvia ([IC 35-48-4-10](#)).

(35) Money laundering ([IC 35-45-15-5](#)).



IC 35-44.1-2-1 Perjury

Sec. 1. (a) A person who:

(1) makes a false, material statement under oath or affirmation,
knowing the statement to be false or not believing it to be true; or

Identity Deception – False ID

W9 Form – Documents wrong SS#



Building Your Case

- An individual charge could lead to multiple charges
- Establish a building block
- Example: Someone provides false SSN on W-9 (perjury). Further investigating reveals the person is money laundering. You now have two separate charges. Together, however, you can charge them with corrupt business influence.



Why is this important to you?

Exclusive: Caesars to pay \$20 million over anti-money laundering lapses – source (2016 – 2018)

https://www.google.com/search?q=caesars+casino+money+laundering+case&rlz=1C1GCEO_enUS964US964&oq=Caesars+casino+Money+laun&aqs=chrome.2.69i57j33i160l2j33i299.18359j0j15&sourceid=chrome&ie=UTF-8

Feds say, High roller laundered millions brought in duffel bags to California casino (November 2021)

<https://www.sacbee.com/news/nation-world/national/article255670051.html>

Casino Money Laundering Red Flags

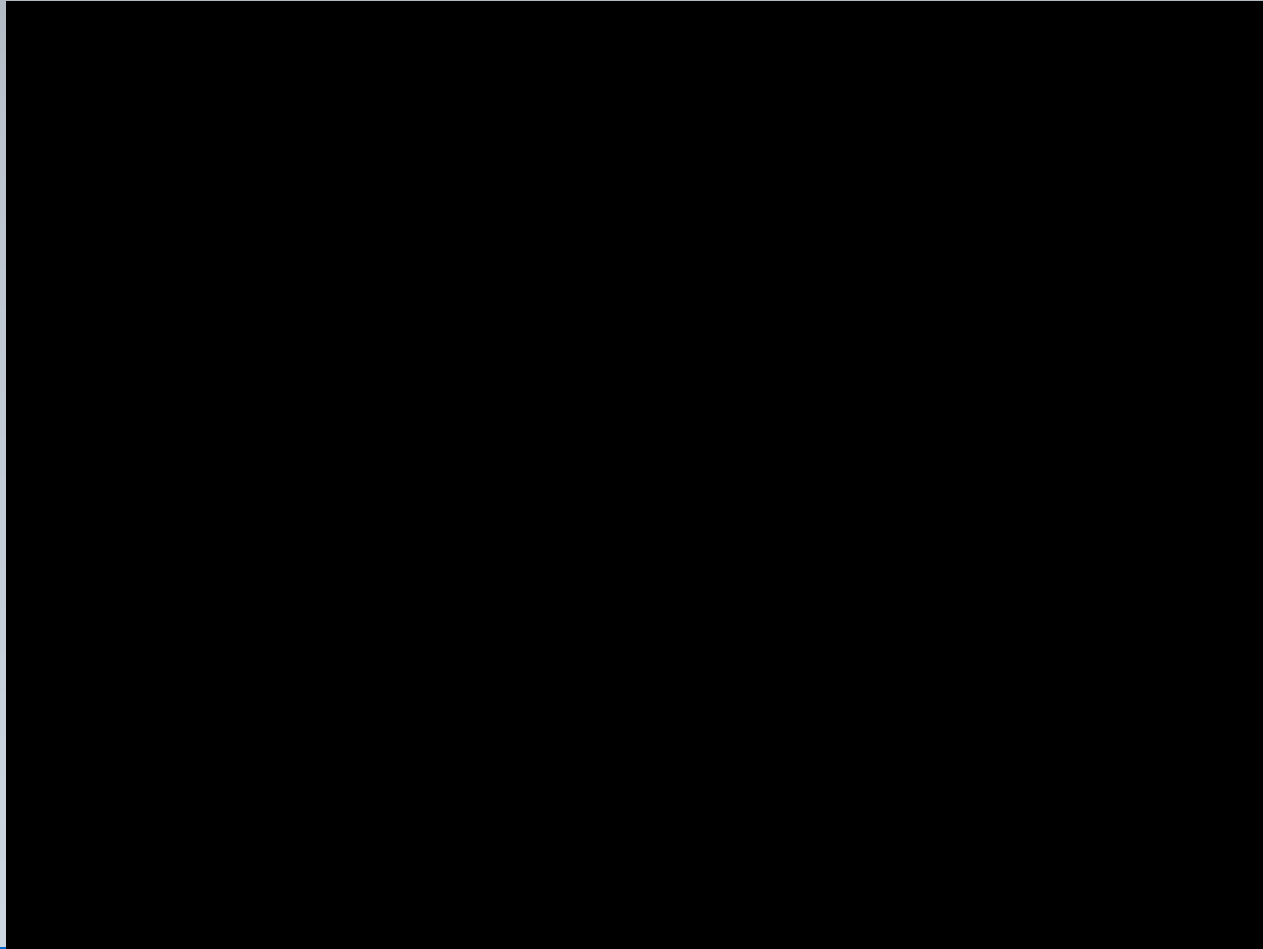
<https://alessa.com/blog/casino-money-laundering-red-flag-indicators/>



Money Laundering is not a problem in casinos.



Vancouver, British Columbia Canada



Best Practices

- Sanctions.IO Article Published: December 5, 2020

<https://sanctions.io/aml-guide-for-the-gaming-and-gambling-industry/>

The American Gaming Association – AGA – has guidelines for best practices to comply with anti-money laundering regulations. the following are some of their recommendations to create strong anti-money laundering practices and a culture of compliance within your organization.

Best Practices - The Risk-Based Approach

The Risk-Based Approach

Utilizing a risk-based approach is an essential best practice when it comes to AML compliance. Your processes should include a risk assessment that allows you to identify the areas that are most at risk for money laundering.

For example, where are the entry and exit points for money that is coming from illicit sources? Cash deposit accounts and check cashing services at the casino will likely be at greater risk.

One way to combat these risks is to not allow cash for cash exchanges or refuse to accept cash to initiate a wire transfer or buy a casino check. For example, if there is a patron with large cash-in transactions, but no cash-out activity that cannot be reasonably explained through gaming activity, further review measures should be taken.

Which casino games are most likely to be used for fraudulent activity? Remember that the goal of a money launderer is to move funds through the casino through games so that they can get a receipt for gambling winnings. Games where the individual can play both sides of the bet, like craps or roulette, are riskier because they can bet both sides so that the funds can be laundered through the game.



Best Practices – Employee Training

Employee Training

Your organization should have an anti-money laundering compliance officer that has expertise in managing risk and ensuring compliance with AML regulations. They should be able to implement the anti-money laundering framework and serve as a resource for the rest of the organization.

All employees should be trained – and receive ongoing training – so that they can recognize red flags that can be used to identify illegal activities. Those employees who operate casino games should be trained to recognize a change in an individual's playing patterns or suspicious use of services.



Best Practices – Know Your Customer (KYC)

Know Your Customer Process

They know your customer process should always involve identifying your customers when they are opening a front money account, credit accounts, or a safety deposit box with your organization. You should obtain their name, address, and Social Security number if necessary – verify that this information is correct by requiring proof of identification like a driver's license.

Consider ongoing and enhanced due diligence measures for customers that seem to have a very high volume of transactions. This red flag may prompt you to obtain more information from the customer, such as what is the source of the funds. In addition, it is recommended to check if the customer is on any sanctions list or on any other list such as Interpol's / FBI's most wanted or any other lists of criminals. If necessary, you must file a suspicious transaction report.



Records from Casino – Sportsbook – Sportsbook App

Player Tracking – Gaming Activity, Average Wager, Number and Dates of Visits with notes.

MTL – Multiple Transaction Logs

CASH Transactions over \$3K cumulative in a gaming day.

CTR – Cash Transaction Report

Transactions over \$10K in any transaction cash in or out.

SAR – Suspicious Activity Reports - Documented by any casino personnel.

CSADR – CHILD SUPPORT ARREARS DELINQUENCY REGISTRY - Any winning SB Ticket over \$600 or \$1,200
Jackpot

Security Report – Documents any activity in which security personnel may have been directly or indirectly involved. Also, any criminal investigation by IGC Enforcement.

Surveillance Report – Documents any criminal, regulatory or suspicious activity.

ID Scanner – ID or DL may have been scanned upon entering Casino or Sportsbook.



Fraud (Financial Institution) - IC 35-43-5-4



Hasani J. Brown conducted, supervised and facilitated numerous transactions at Hollywood Casino involving the proceeds of criminal activity. This was a check fraud crime initiating in Cincinnati, OH.

Surveillance – Mr. Brown with each co-defendant.

Cage records – Documents of each cash advance transaction.

ID Scanner – Positively identified Mr. Brown and others

In total Brown facilitated cash transactions of over \$49K and involved 8 other co-conspirators.

Sec. 4. (a) A person who:

(3) **The victim was a financial institution.**



31 USC 5324 Structuring - Example

JOHN DOE HAS CONDUCTED SEVERAL CASH IN AND CASH OUT TRANSACTIONS BETWEEN \$9,000 AND \$10,000 IN THE PAST 90 DAYS. THE CASINO FEELS MR. DOE COULD BE STRUCTURING HIS TRANSACTIONS TO AVOID A CTR. PLEASE NOTE GUEST HAS HAD MULTIPLE CTR'S THROUGHOUT THE MONITORING PERIOD.

12/13/2021 - \$9,121 CASH OUT

12/16/2021 - \$9,927 CASH OUT

12/17/2021 - \$9,000 CASH IN

02/09/2022 - \$9,490 CASH OUT

02/10/2022 - \$9,860 CASH IN



Gaming Integrity Division Mission Statement

To proactively conduct investigations and other initiatives to deter financial crimes and other activities negatively impacting the integrity of the gaming industry in Indiana, working with the IGC Enforcement Division and local, state, and federal law enforcement agencies in conducting comprehensive investigations that lead to regulatory actions and criminal prosecutions.



Resources

- SAR Review Teams in Southern Judicial and Northern Judicial District of Indiana.
- FBI
- DEA
- IRS
- US Attorney
- County Prosecutors
- State Police
- County Sheriff
- Local Police
- HIDTA
- Gang Task Force
- IDOR
- Indiana Workforce Development
- USPIS



Gaming Integrity Division Goal

The ultimate investigative goal of these comprehensive, integrated, and parallel financial investigations is to gather all applicable information and present potential criminal activity cases to local prosecutors, law enforcement agencies, and federal authorities for criminal prosecution, or to assist those entities with their own investigations. In this endeavor creating working relationships with County Prosecutors, Local Law Enforcement, State and Federal agencies.



Questions



Contact Information

Indiana Gaming Commission 317-233-0046

Deputy General Counsel Alex Dudley 317-233-2387 – AlDudley@igc.in.gov

Gaming Integrity Division

◦ Investigator Manuel Becker 812-483-5770 – Mbecker@igc.in.gov



Section Four

What's Ahead with iGaming

Dennis E. Mullen
Indiana Gaming Commission
Indianapolis, Indiana

Section Four

What's Ahead with iGaming..... Dennis E. Mullen

PowerPoint Presentation

WHATS AHEAD WITH IGAMING

2022 ICLEF Master's Series – Advanced Issues in
Indiana Gaming

Dennis Mullen

DeMullen@igc.IN.gov

▶ Topics

- ▶ Background
- ▶ Technical and System Requirements
- ▶ State Models and Legislative Overview
- ▶ Preview: Study on iGaming

WHATS AHEAD WITH IGAMING

A decorative graphic consisting of several parallel white lines of varying lengths, slanted upwards from left to right, located in the bottom right corner of the slide.

► Infrastructure and Key Terms

- “PAM” - Player Account Management Software
- “KYC” – Know your Customer
- Skin - A front end / user interface for an online gaming system
- Gaming Engine - A software layer for using common code for use on multiple different types of client systems
- Geolocation - The process of identifying the geographic location of clients

BACKGROUND

▶ Games

- Overview
- Pooled Liquidity Poker
- Certification – GLI 19 - <https://gaminglabs.com/wp-content/uploads/2020/07/GLI-19-Interactive-Gaming-Systems-v3.0.pdf>
- Change Management

BACKGROUND

- ▶ **Responsible Gaming**
 - **VEP, ISPR, Operator Exclusion**
 - **Tools**
 - **Funding**

BACKGROUND



▶ **Marketing**

- **Promotions**
- **Affiliates**
- **Deductions**

BACKGROUND



▶ Reporting

- Tax
- Criminal
- Regulatory

BACKGROUND



- ▶ **Gaming laboratory testing and certification**
- ▶ **Geofence**
- ▶ **Compliance with Wire Act and Unlawful Internet Gambling Enforcement Act**
- ▶ **Operational Audit**
- ▶ **System Assessment**
- ▶ **Annual Financial and Internal Audit**

TECHNICAL AND SYSTEM REQUIREMENTS

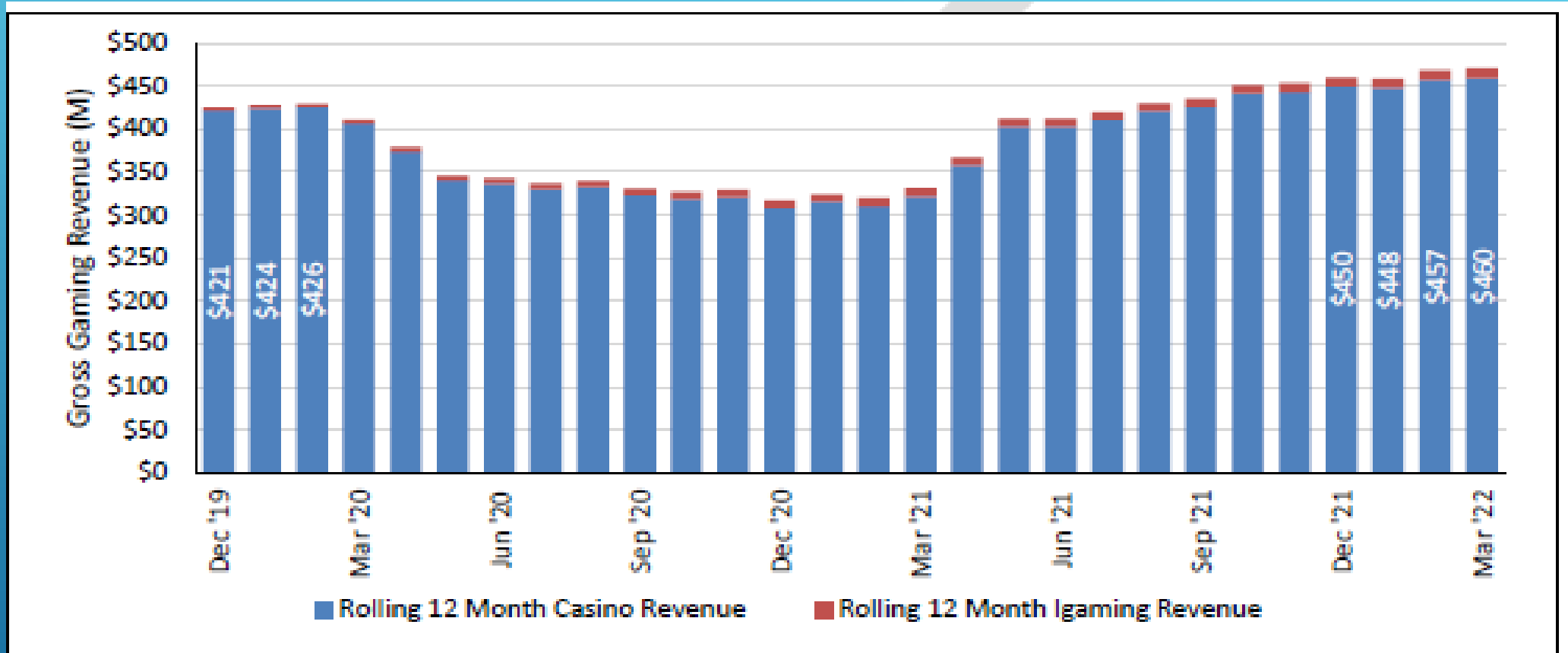
- ▶ Overview of state iGaming models
- ▶ Overview of state legislation
- ▶ Revenue

MODELS AND LEGISLATION

State	iGaming Start Date	iGaming Skins allowed	iGaming Tax Rate	SW Tax Rate (online)	Igaming Games Allowed
Nevada	April 2013	Unlimited	6.75%	6.75%	Poker only
Delaware	Nov. 2013	1	43.5% Slots/34% Table/Poker	50%	Slots, tables, poker
New Jersey	Nov. 2013	3	17.5%	13%	Slots, tables, poker
Pennsylvania	July 2019	Unlimited	16% - table games/54% slots	34%	Slots, tables, poker
Michigan	Jan. 2021	1 for poker and 1 for casino	20%-28%	8.4%	Slots, tables, poker
West Virginia	July 2020	3	15%	10%	Slots, tables, poker
Connecticut	Oct. 2021	1	18%	18%	Slots, tables, poker

MODELS AND LEGISLATION

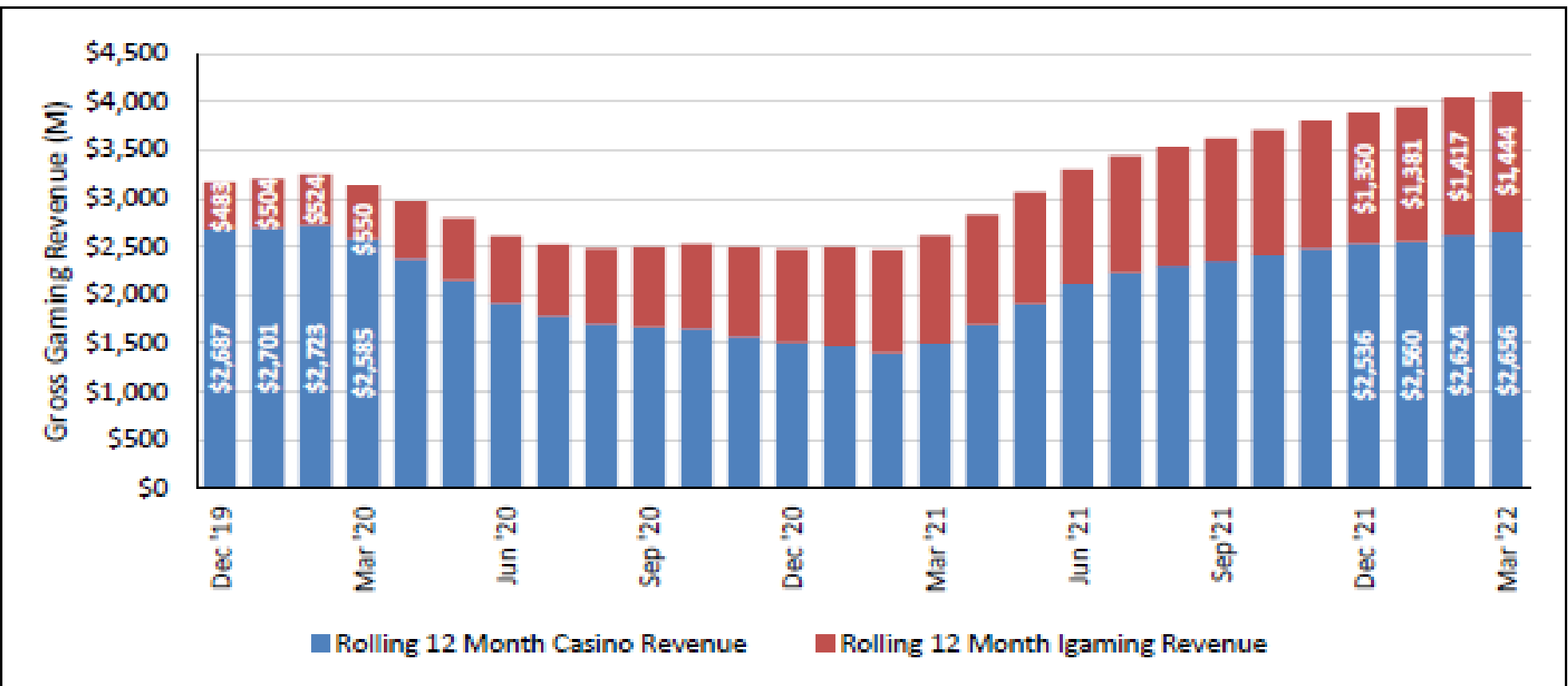
Delaware



Source: Delaware Lottery

MODELS AND LEGISLATION

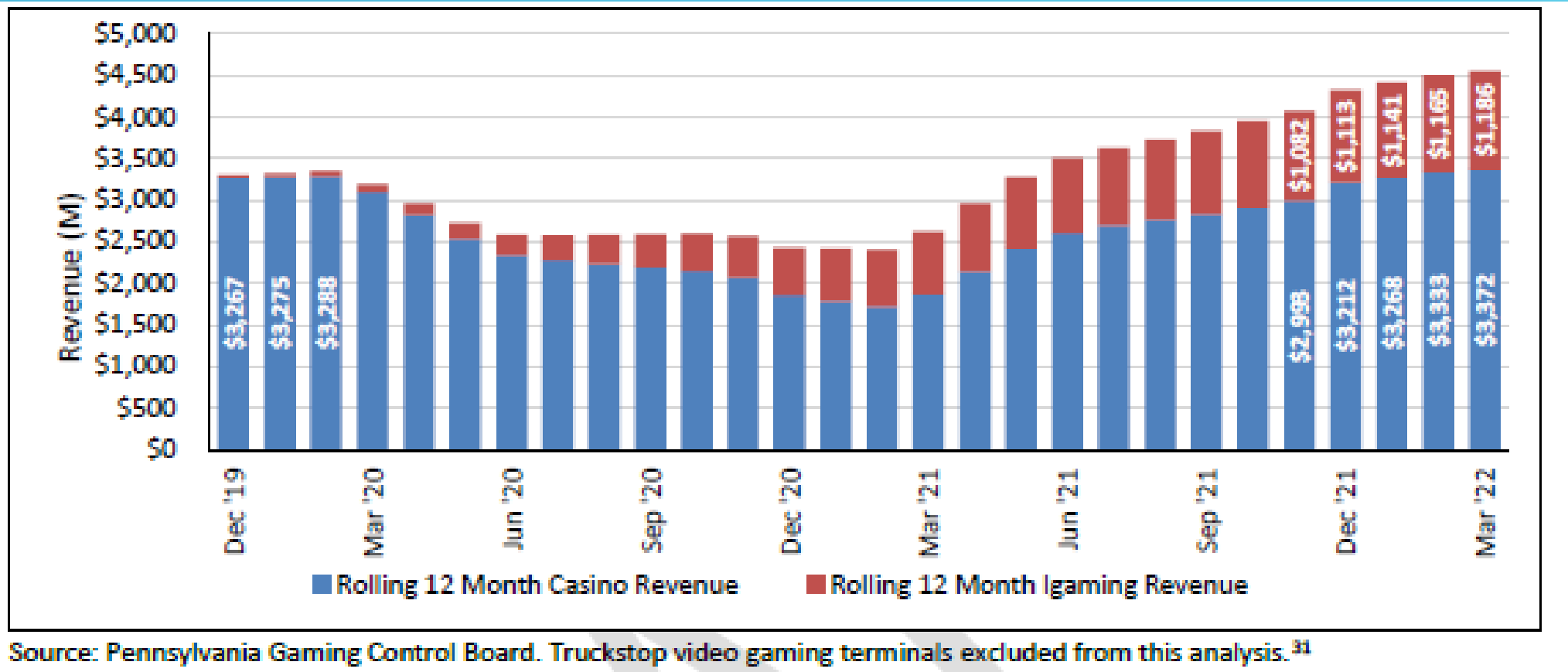
New Jersey



Source: New Jersey Division of Gaming Enforcement

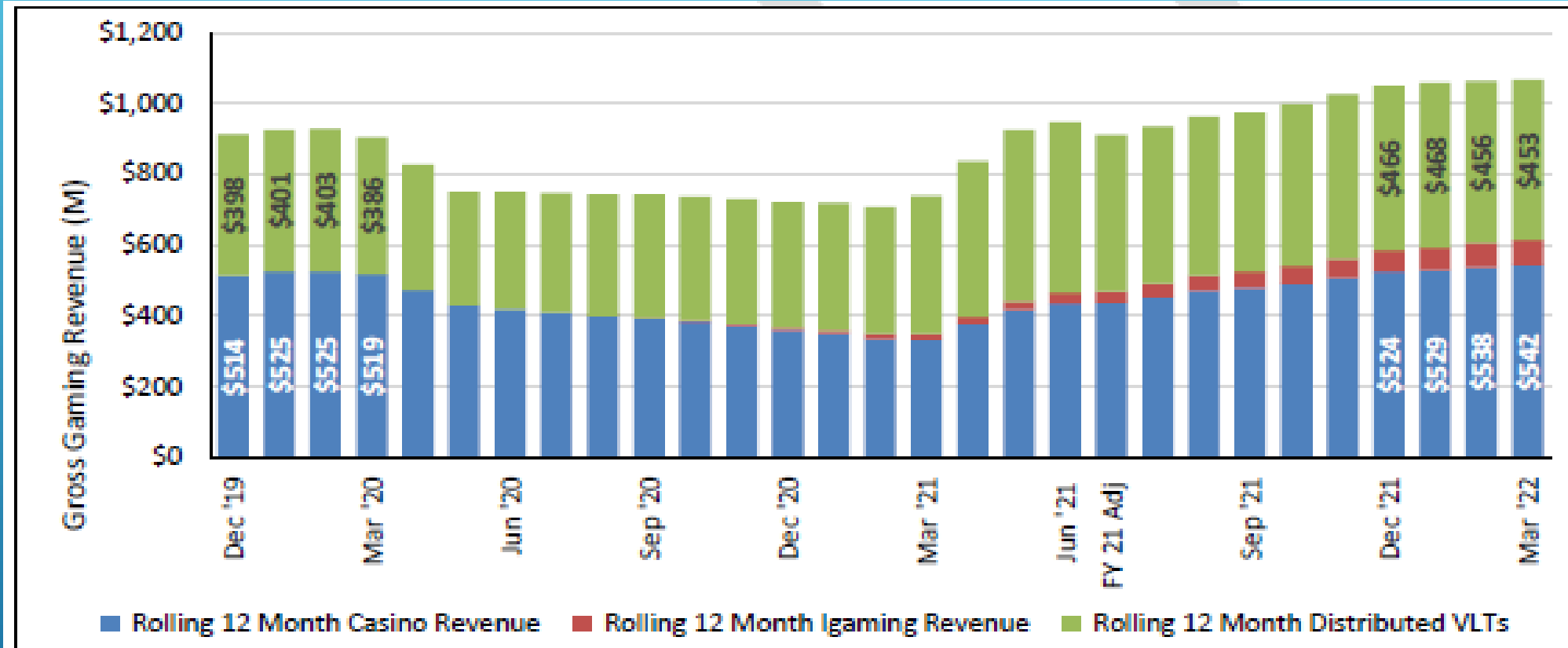
MODELS AND LEGISLATION

Pennsylvania



MODELS AND LEGISLATION

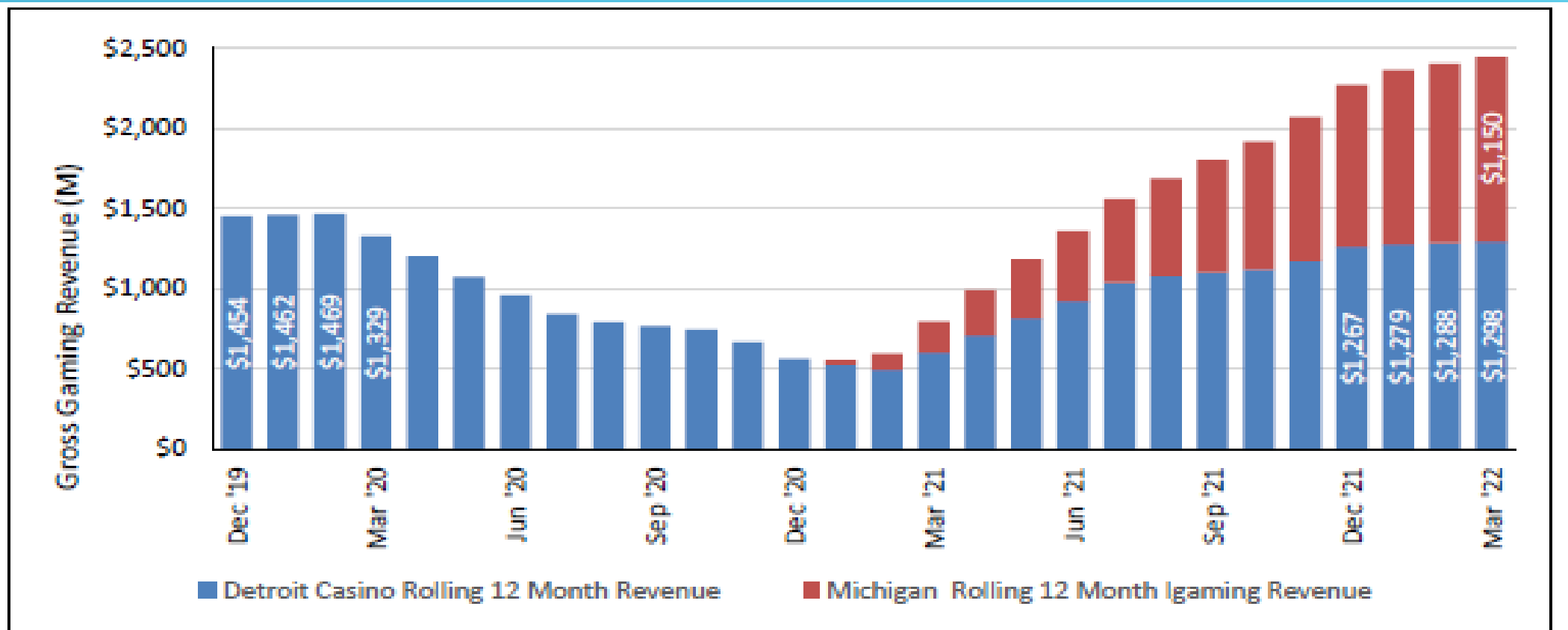
West Virginia



Source: West Virginia Lottery

MODELS AND LEGISLATION

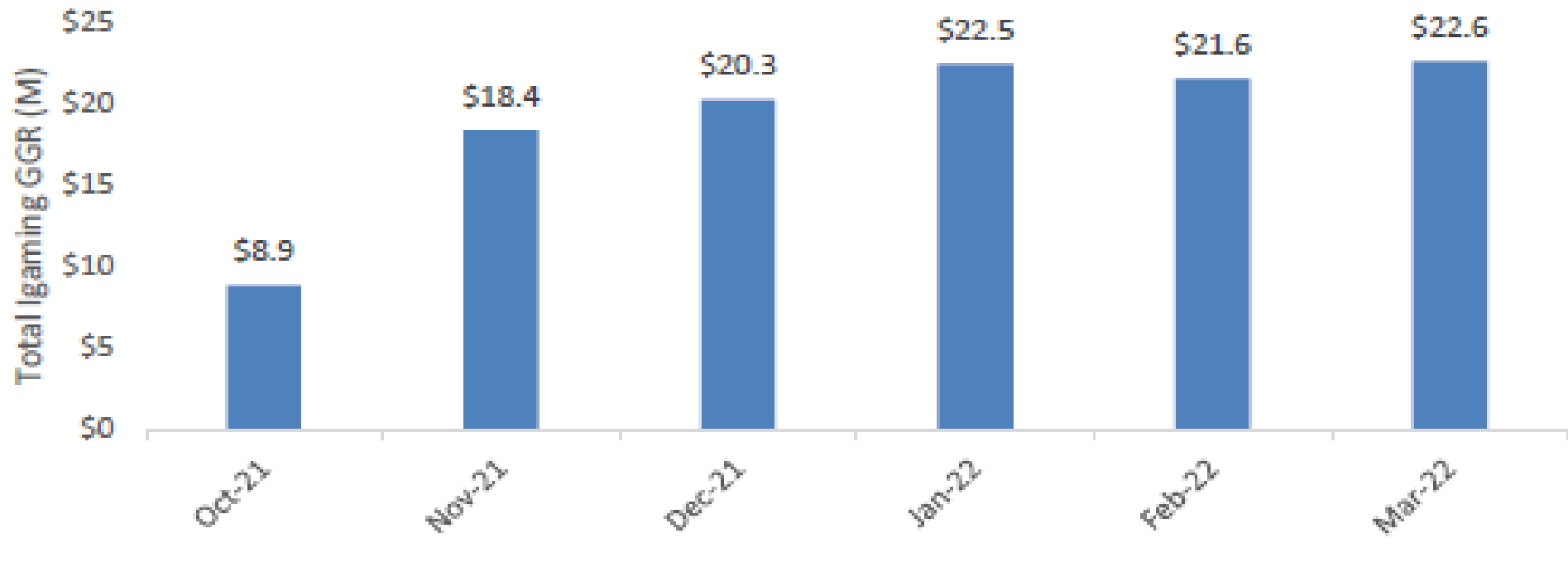
Michigan



Source: Michigan Gaming Control Board

MODELS AND LEGISLATION

Connecticut



Source: Connecticut Department of Consumer Protection

MODELS AND LEGISLATION

- ▶ **Background**
- ▶ **Demographics**
- ▶ **Revenue projections**
- ▶ **Policy considerations**

PREVIEW: IGAMING STUDY

A decorative graphic consisting of several parallel white lines of varying lengths, slanted upwards from left to right, located in the bottom right corner of the slide.

Section Five

Ethical Considerations in Gaming Law

Robert J. Opat
Indiana Gaming Commission
Indianapolis, Indiana

Section Five

Ethical Considerations in Gaming Law..... Robert J. Opat

PowerPoint Presentation



Ethical Considerations in Gaming Law

Bob Opat, July 15, 2022

Introduction

- Bob Opat
- Employed at the Indiana Gaming Commission since August 2019
- License Control Counsel and Ethics Officer since December 2021
- ROpat1@igc.in.gov
- 317-233-0906

Gaming regulated by the IGC

- Riverboat Gambling – Indiana Code 4-33
- Gambling Games at Racetracks – Indiana Code 4-35
- Sports Wagering – Indiana Code 4-38
- Charity Gaming – Indiana Code 4-32.3

Riverboat Gambling

- Enacted in 1993
- Allowed boats to be permanently docked in 2002
- Allowed casinos to be “land-based” in 2015



Riverboat Gambling – Legislative Intent

- 4-33-1-2 – “This article is intended to **benefit the people of Indiana** by promoting tourism and assisting economic development. The **public’s confidence and trust** will be maintained only through:
 - 1) comprehensive law enforcement supervision
 - 2) the strict regulation of facilities, persons, association, and gambling operation under this article.”

Gambling Games at Racetracks

- Enacted in 2020
- Allowed the racetracks in Anderson and Shelbyville to offer table games
- Previously were restricted to electronic games



Gambling at Racetracks – Public confidence and Trust

- 4-35-3-4 – “This article will maintain the **public’s confidence and trust** through:
 - 1) comprehensive law enforcement supervision; and
 - 2) the strict regulation of facilities, persons, association, and gambling games at racetracks under this article.”

Sports Wagering

- Enacted in May 2019, launched in August 2019
- 16 retail sportsbooks operating
- 17 mobile sportsbooks operating



Charity Gaming

- Most recent version of CG statute was enacted in 2019.
- Has been around since before IGC was created.
- Raffles, bingos, pull-tabs, punchboards, tip boards, cards, dice, and wheel games
- Over 4,000 organizations licensed by IGC conducting charitable gaming activities

Why do people gamble?

- “The Odds Favor The House”
- Gambling can be recreational, entertaining, and social
- People may also gamble for financial reasons, to engage in risk-taking, and to combat boredom and loneliness



Economic benefits to Indiana

- From FY 2021
 - \$582,841,439 in total tax revenue
 - Total employment of 9,784 employees
 - Roughly 85% of employees are Indiana residents



Prevalence of gambling

- Some form of legalized gambling is available in 48 and the District of Columbia.
- Only Hawaii and Utah have no legalized gambling
- Approximately 85% of U.S. adults have gambled at least once
- Approximately 60% of U.S. adults have gambled in the past year

DSM-5 – Gambling Disorder

- **Persistent and recurrent problematic** gambling behavior leading to clinically significant impairment or distress, as indicated by the individual exhibiting four (or more) of the following in a 12-month period:
 - Needs to gamble with increasing amounts of money in order to achieve the desired excitement.
 - Is restless or irritable when attempting to cut down or stop gambling.
 - Has made repeated unsuccessful efforts to cut down or stop gambling.
 - Is often preoccupied with gambling (e.g. having persistent thoughts of reliving past gambling experiences, handicapping or planning the next venture, thinking of ways to get money with which to gamble).

DSM-5 – Gambling Disorder (cont.)

- Is often preoccupied with gambling (e.g. having persistent thoughts of reliving past gambling experiences, handicapping or planning the next venture, thinking of ways to get money with which to gamble).
- Often gambles when feeling distressed (e.g., helpless, guilty, anxious, depressed).
- After losing money gambling, often returns another day to get even (“chasing” one’s losses).
- Lies to conceal the extent of involvement with gambling.
- Has jeopardized or lost a significant relationship, job, or educational or career opportunity because of gambling.
- Relies on others to provide money to relieve desperate financial situations caused by gambling.

Prevalence of problem gambling

- Estimated that 2 million U.S. adults meet the criteria for severe gambling problems in a given year – approximately 1% of the adult population*
- Estimated that another 4 million to 6 million adults that meet one or more of the criteria but do not meet the full diagnostic criteria for gambling addiction – approximately 2-3%*
- Using the same ratios: 50,000 adults in Indiana in first category, 100,000-200,000 in second



How can we maintain the economic benefit to the State while minimizing any harmful effects?

Basic restrictions of gambling

- Restricted to regulated or legalized forms of gambling
 - If some form of gambling is not regulated, then there can be no restrictions.
- Age restrictions are typical, usually 18 or 21
 - Believed that gambling during childhood or teenage years increases the risk of developing gambling problems*
- Must be 21 in Indiana to participate in casino wagering or sports wagering

Statewide Voluntary Exclusion Program (VEP)

- Began in 2004
- Indiana Code 4-33-4-3(a)(9): “The Commission shall... [a]dopt rules to establish and implement a voluntary exclusion program...”
- Specifics contained in 68 IAC 6-3 “Voluntary Exclusion Program”
- Allows individuals to exclude themselves from all Indiana casinos, including Four Winds South Bend, and sports wagering platforms by completing a single form.

Voluntary Exclusion Program (cont.)

- A person may select the length of their exclusion: 1 year, 5 years, or for their lifetime.
- A person can request to increase the time of their participation in the program, but they can never decrease it.
- A person is not automatically removed from this program after the specific period of time; they must complete and submit a “Request for Removal” form.

Voluntary Exclusion Program (cont.)

- If a person signs up for the VEP, the person's name will appear on a confidential list of voluntarily excluded persons which will be distributed to all Indiana casinos, including Four Winds South Bend, as well as licensed sports wagering operators.
- These casino properties and sports wagering operators may elect to evict a voluntarily excluded person from their property.
- These operators may also elect to deny service to these persons at other facilities around the world, which may include both casinos and nongaming facilities in Las Vegas and Atlantic City.
- The casino properties and operators must also stop all direct marketing efforts to a person on the VEP list.

Voluntary Exclusion Program (cont.)

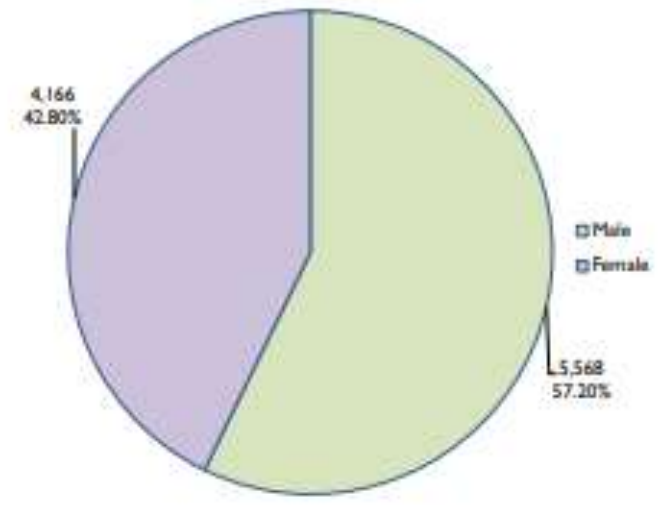
- If a person on the VEP list is found in the gaming area of an Indiana casino, they will be asked to leave and may be subject to arrest for trespassing.
- If the person is found to have won any money or thing of value at a casino, the money or thing of value will be forfeited.



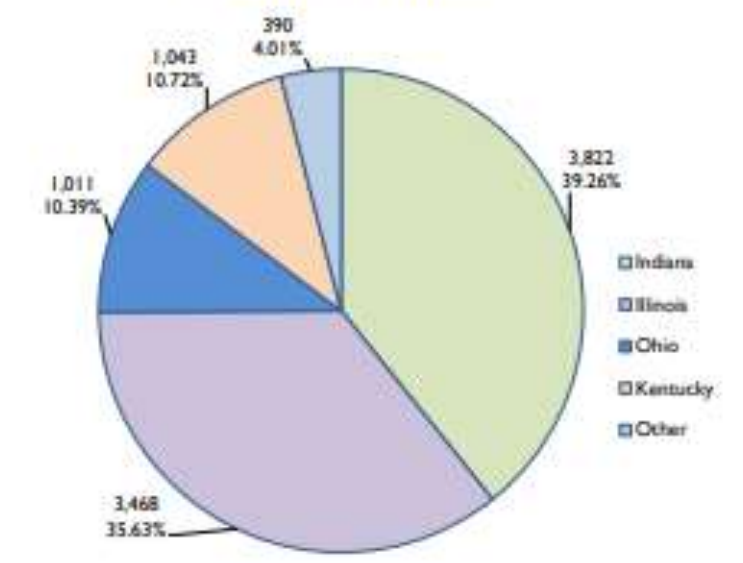
VEP FY 2021 Statistics

- As of July 2021, there were 5,958 active participants in the Voluntary Exclusion Program
- 62 forfeitures were prosecuted which resulted in approximately \$154,857.66.

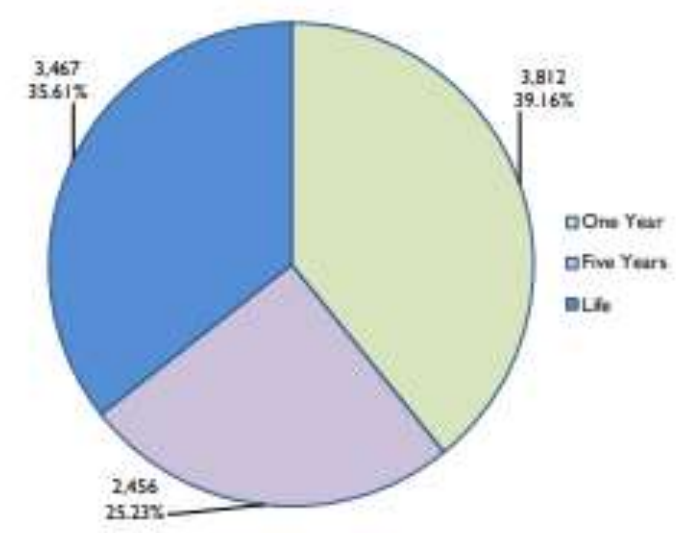
Member Gender



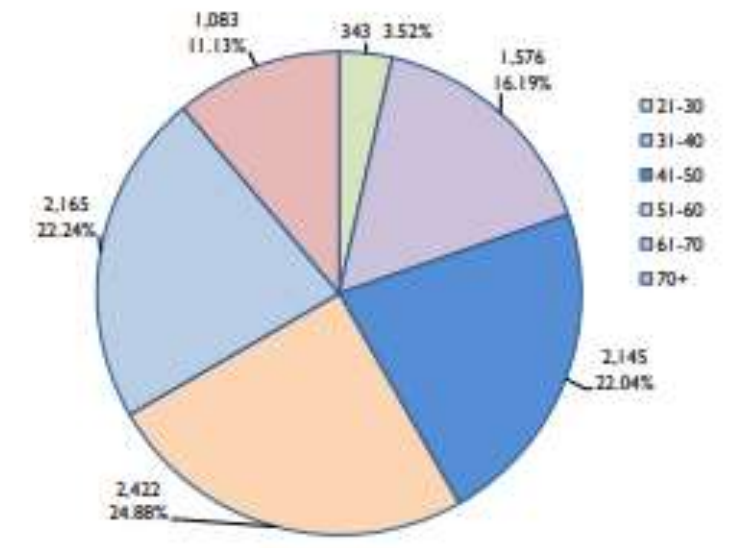
Member State



Member Exclusion Length



Member Age



Internet Self Restriction Program

- Similar to the Voluntary Exclusion Program
- Created in 2019 along with IC 4-38 legalizing sports wagering
- Specifics contained in 68 IAC 27-13-2
- Only explicitly applies to *mobile* sports wagering
 - Distinction between mobile and retail sports wagering operations

Internet Self Restriction Program (cont.)

- No lifetime restriction option in this program. Participants can always request removal at the end of the 1 or 5 year term.
- A person can request to increase the time of their participation in the program, but they can never decrease it.
- A person is not automatically removed from this program after the specific period of time; they must complete and submit a “Request for Removal” form.

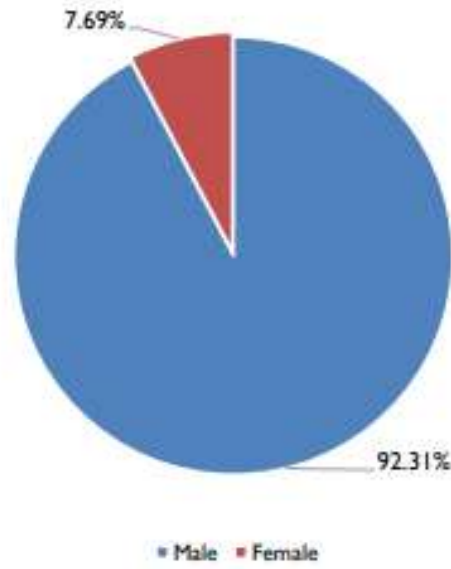
Internet Self Restriction Program (cont.)

- Functions similarly to VEP
 - Participants are placed on a confidential list which is distributed to sports wagering operators.
 - Operators can evict ISRP participants from other properties, anywhere in the world
 - Operators must stop all direct marketing and promotional materials to participants
 - Any money or thing of value won while participating in the exclusion program will be forfeited

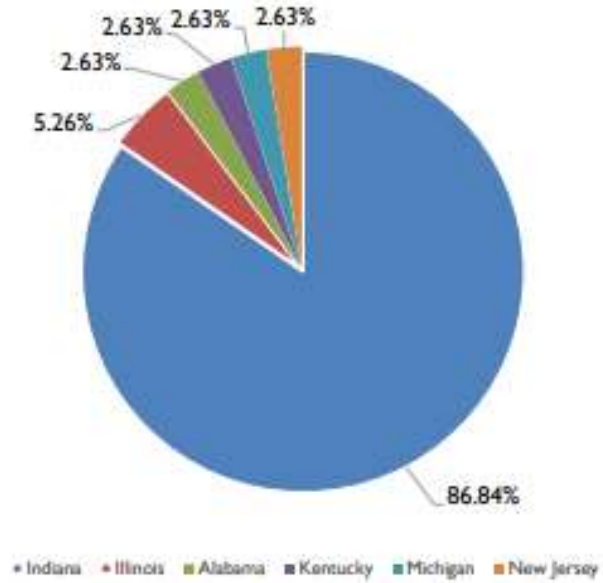
ISRP FY 2021 Statistics

- As of July 2021, there were 39 active participants in the Voluntary Exclusion Program.
- Up from 12 during FY 2020

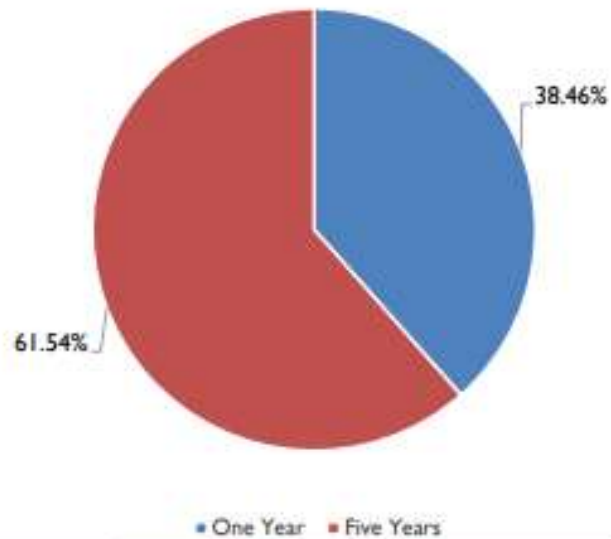
Member Gender



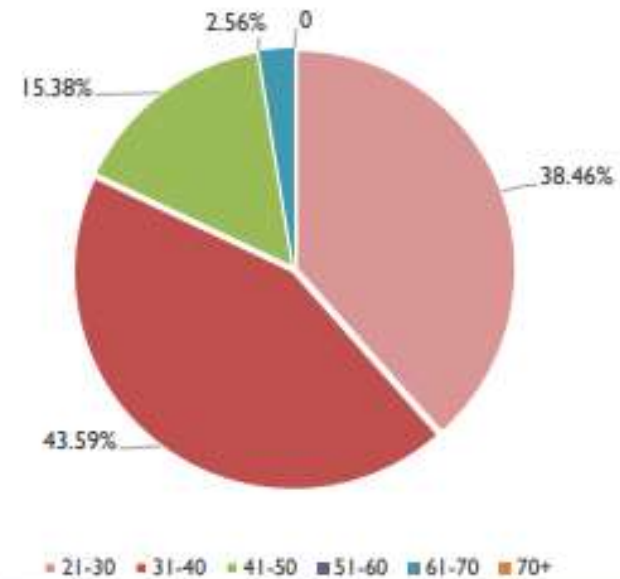
Member State



Member Exclusion Length



Member Age



Mobile Sports Wagering – Responsible Gaming messaging

- Required for sports wagering operators
- Present on all sports wagering websites or mobile applications
- Contained in 68 IAC 27-13-1 Responsible gaming requirement



68 IAC 27-13-1 – Responsible gaming requirement

- Each sports wagering website or mobile application shall display a responsible gaming logo in a manner approved by the executive director or the executive director's designee to direct a patron to the sports wagering operator's responsible gaming webpage. The responsible gaming webpage shall be accessible to a patron during a sports wagering patron session and shall contain, at a minimum:
 - (1) a prominent message, which states: “If you or someone you know has a gambling problem and wants help, call 1-800-9-WITH-IT”;
 - (2) a direct link to the Indianagamblinghelp.com website and other Internet resources dedicated to helping people with potential gambling problems as directed by the commission;
 - (3) a link to the Indiana statewide Internet self-restriction program administered by the commission; and
 - (4) a clear statement of the sports wagering operator's policy and commitment to responsible gaming, along with a link to the sports wagering operator's specific self-exclusion program.

Cashless Wagering - Responsible Gaming messaging

- Created pilot program for “cashless wagering” at casino properties in December 2019.
- Patrons can deposit funds to a virtual wallet contained on their phone and can then deposit to and withdraw from casino machines and table games using the virtual wallet rather than cash.
- RG messaging must also be contained within these mobile applications
- Operators must also implement the ability for patrons to self-impose deposit limitations



What other programs or implementations could reduce social harms of gambling?

Integrity of Gaming

- Per the legislative intent, maintaining the public's confidence and trust is critical to supporting a functioning regulated gaming industry
- Factors into every level of the gaming operation environment- from regulators to participants in the games



Commission Ethics Requirements

- Ethics for Commission Members, Agents, and Employees
- Policy contained in 68 IAC 9-5-2
- “The commission is required to maintain the integrity of the commission and casino gambling. Members, employees, and agents must encourage confidence in the commission by maintaining high standards of honesty, integrity, and impartiality. Members, employees, and agents shall conduct themselves in a manner that will enhance public respect for the integrity of the commission and its work.”

Restriction on receiving gifts

- 68 IAC 9-5-7
- No member, employee, or agent may accept any gift, gratuity, compensation, travel, lodging, or anything of value, directly or indirectly, from any licensee of the commission, or any entity affiliated therewith, or any applicant for any license, unless:
 - (1) the acceptance conforms with state law and rules adopted by the state ethics commission under IC 4-2-6 and Title 40 of the Indiana Administrative Code; and
 - (2) the acceptance conforms to any policy or directive issued by the executive director or the commission.

Conflict of Interest

- 68 IAC 9-5-9
- (a) A member, employee, or agent shall advise the executive director of any incident or circumstance that would present the existence of a conflict of interest with respect to the performance of the member, employee, or agent's duties with the commission.
- (b) A member, employee, or agent shall not engage in any conduct that constitutes a conflict of interest.

Prohibitions on wagering

- IC 4-33-10-6

(a) The following individuals may not wager on gambling games at a riverboat:

(1) A member of the commission.

(2) An employee of the commission.

(3) The spouse of any individual listed in subdivisions (1) and (2).

- 68 IAC 27-14-1

(a) In addition to the prohibited sports wagering patrons, and except as provided in subsection (b), the following individuals may not participate in sports wagering:

(1) A member of the commission.

(2) An employee of the commission.

(3) An agent of the commission.

(4) The spouse of any individual in subdivisions (1), (2), and (3).

Integrity Requirements for Sports Wagering Operators

- SW operators must conduct background checks on new hires and annual background checks on existing employees. IC 4-38-9-1
- Prohibited wagers pursuant to IC 4-38-903
 - Directors, officers, employees of the sports wagering operator
 - Persons associated with sports competitions

Integrity Requirements for Persons Associated with Competitions

- 4-38-9-3(5) – Prohibited Wagers
- With respect to a sporting event sponsored, organized, or conducted by a particular sports governing body, any of the following:
 - (A) An employee of the sports governing body.
 - (B) A game official employed by or under contract with the sports governing body.
 - (C) A coach, manager, or other personnel employed by or under contract with a member club of the sports governing body.
 - (D) An athlete who is:
 - (i) under contract with a member club of the sports governing body in the case of a team sport; or
 - (ii) eligible to participate in events conducted by the sports governing body in the case of an individual sport.
 - (E) An employee of a union representing athletes or game officials.
 - (F) A relative living in the same household of an individual described in clauses (A) through (E).

Leagues and Players

- Leagues have their own policies concerning player and personnel integrity



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Section Six

Online Gaming Cyber Security Threats

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Section Six

**Online Gaming Cyber Security Threats..... Rudy Perez
Christopher J. Neal**

PowerPoint Presentation

Online Gaming Cyber Security Threats

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Online Gaming Growth

- Casinos have always faced cyber security risks
- Online gambling market is predicted to be worth over \$90 billion by 2023
 - Growing industry means increased cyber security threats

Hijacking Accounts/Account Stuffing

What does account hijacking mean?

Hijacking Accounts/Account Stuffing


- Attackers gaining unauthorized access to online gaming accounts
 - Poor password practices
 - Phishing and social engineering schemes
 - Data exfiltration

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Product search



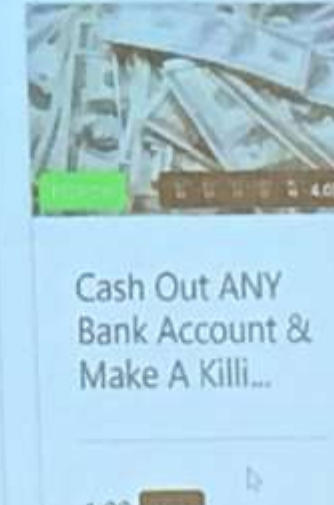
XOOM
GLOBAL MONEY TRANSFER

1.00 USD
Onepiece (1620)
Category: Fraud
Sold: 19



AOL

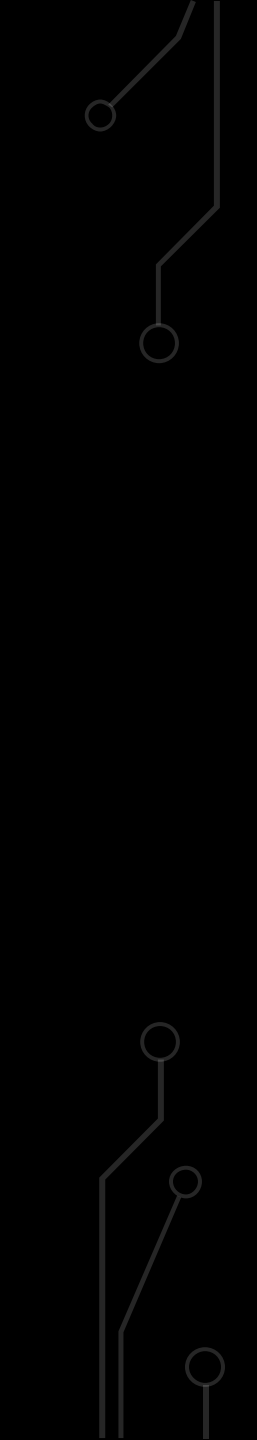
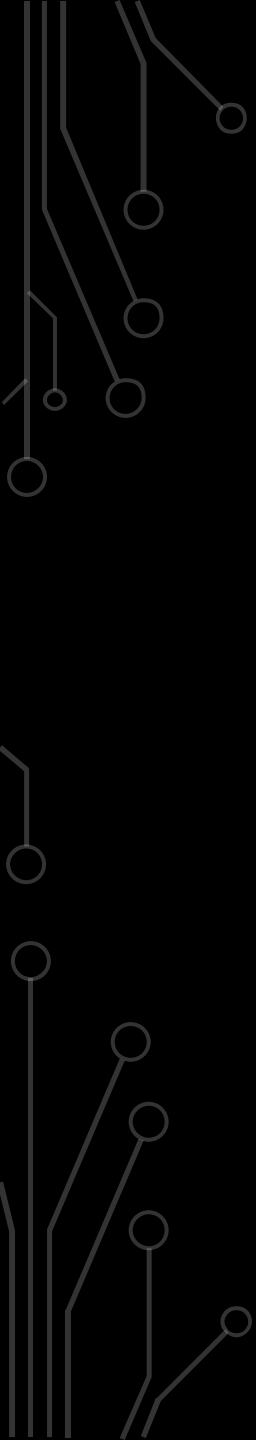
1.00 USD
estafador (86)
Category: Accounts & Drops
Sold: 19



Cash Out ANY Bank Account & Make A Killi...

1.00 USD
sixandeight (1919)
Category: Fraud
Sold: 27
In stock: 117

11:21 PM 6/11/2024



Pricing details

Price per 1 item

• 1 item - 1.00 USD

Product details

Escrows: normal

Category

Accounts & Drops

Type: digital

In stock: 0

Sold: 4

Shipping info

Description

Feedback

Terms & Conditions

Refund policy

Report

Available:

- JPMorgan Chase;
- BoA;
- Wells Fargo;
- Citigroup;
- Truist;
- PNC;
- HSBC;
- 5/3;
- Capital One;
- TD;
- Others (message vendor)

- Employees inside the organization with access to sensitive information
 - IC 35-43-2-3
 - A person who knowingly or intentionally accesses: (1) a computer system; (2) a computer network; or (3) any part of a computer system or computer network; without the consent of the owner of the computer system or computer network, or the consent of the owner's licensee, commits computer trespass, a Class A misdemeanor
 - Good internal controls can minimize risk
 - GLI-33 Appendix B, B.2.3 and B.3.2

Insider Threats

- GLI-33 Appendix B
 - B.2.3
 - Logical Access Control
 - B.3.2
 - In the event any data is changed certain information shall be documented or logged

Insider Threats



Moving Money

- Using online gaming to launder money
- Using funds obtained by stolen financial information
- Identity theft
- Preventative measures
 - Monitoring player behavior

Ransomware Attacks

- Malicious programs encrypting everything while charging a ransom to get the data back
- All data needs to be correctly encrypted and protected to prevent this
 - Our own regulations help by requiring this
68 IAC 27-6-4



Fair Gaming



- Identifying that your online gaming platform is a trusted organization (and easily identified as such) rather than an illegal unregulated online gaming platform

Preventative Measures and Regulations

- 68 IAC 27-3-2: Annual system assessment
- 68 IAC 27-6-4: Requires encryption for all communications performed across a public or third-party network
- GLI-33 Standards for Event Wagering Systems, appendix B

Costs

- Failure to properly protect information can be costly to gaming entities
 - Lost funds
 - Hefty fines from the Indiana Gaming Commission
 - Loss of trust and damage to reputation with customers

Sources utilized

- Hein, Thomas. “Cyber Threats and How Good Cyber Security Practices Keep Online Gambling Safe.” *To The Lane And Back*, 16 Jan. 2022, <https://tothelaneandback.com/2022/01/16/cyber-threats-and-how-good-cyber-security-practices-keep-online-gambling-safe/>.
- Partner Content. “Why Cybersecurity Is Critical to the Success of Online Casinos.” *Hardware Times*, 6 Apr. 2022, <https://www.hardwaretimes.com/why-cybersecurity-is-critical-to-the-success-of-online-casinos/#:~:text=It%20takes%20just%20one%20data,to%20any%20reputable%20online%20casino.>
- Indiana Code
- Indiana Administrative Code
- GLI Standards

Online Gaming Cyber Security Threats

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