

**COMMONWEALTH OF MASSACHUSETTS
MASSACHUSETTS GAMING COMMISSION**

In the Matter of)
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)
Application of FBG Enterprises Opco, LLC for a Temporary)
Tethered Category 3 Sports Wagering Operator License)
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**DECISION DEEMING FBG ENTERPRISES OPCO, LLC
ELIGIBLE TO REQUEST A TEMPORARY
TETHERED CATEGORY 3 SPORTS WAGERING OPERATOR LICENSE¹**

I. Introduction

FBG Enterprises Opco, LLC (“Fanatics” or “Fanatics Betting and Gaming”) applied to the Massachusetts Gaming Commission (“MGC” or “Commission”) for a Tethered Category 3 Sports Wagering License. Fanatics intends to offer its mobile sports wagering platform in the Commonwealth under a tethered commercial agreement with Plainville Gaming and Redevelopment, LLC d/b/a Plainridge Park Casino, a Category 1 sports wagering applicant. Under G.L. c. 23N, the Commission may issue a Tethered Category 3 Sports Wagering License to an entity that offers sports wagering in connection with a Category 1 or 2 license, and through a mobile application or other digital platform that meets the requirements of c. 23N and the rules and regulations of the Commission. For the following reasons, the Commission hereby deems Fanatics eligible to request a temporary license (“License”).

II. Procedural History

On November 21, 2022, the Commission received Fanatics’ Sports Wagering License Application (“Application”), including the \$200,000 application fee. *See* G.L. c. 23N, § 7(A) and 205 CMR 214.01. The MGC Division of Licensing reviewed the Application for administrative sufficiency and determined that the Application was sufficient. *See* 205 CMR 218.03. On December 12, 2022, the Commission held a virtual public meeting in order to hear public comment on all Tethered Category 3 Sports Wagering applications, *see* 205 CMR 218.05 and 205 CMR 218.06, which are contained in the Commission’s public record. On January 4, 5, 11 and 12, 2023, the Commission held virtual public meetings to determine whether to issue Fanatics a durable finding of suitability, which included hearing informal presentations from Fanatics and the Commission’s consultants. *See* 205 CMR 218.04(1)(a)-(b), 218.05(1)(b), 218.06(1). The Commission deliberated on the Application at the January 12, 2023, meeting, *see* 205 CMR 218.06(4)-(5), and at that same meeting, found Fanatics preliminarily suitable and deemed Fanatics eligible to request a License. *See* 205 CMR 215.01(2)(c)-(d), 218.07(1)(a).

¹ All facts referenced in this decision were current as of the date of the respective hearings referenced in the Procedural History for this applicant.

III. Findings and Evaluation

In evaluating whether to issue the Category 3 Sports Wagering License to Fanatics, the Commission considered: all information in the Application; the public comments made on December 12, 2022; the presentations made by Fanatics and the Commission's external consultants² on January 4, 5, 11 and 12, 2023; and a written report prepared by the Investigation and Enforcement Bureau ("IEB" or "Bureau") in accordance with 205 CMR 215.01(2)(b).

In accordance with 205 CMR 218.06(5), in determining whether to deem Fanatics eligible to request a Temporary Tethered Category 3 Sports Wagering License, the Commission evaluated all materials and information in the record to determine whether a license award would benefit the Commonwealth, and considered the following factors:

- a) Fanatics' experience and expertise related to Sports Wagering, including:
 1. Fanatics' ability to offer Sports Wagering in the Commonwealth;
 2. A description of Fanatics' proposed Sports Wagering Platform;
 3. The technical features & operation of Fanatics' proposed Sports Wagering Platform;
- b) The economic impact and other benefits to the Commonwealth if Fanatics is awarded a License, including:
 1. Employment opportunities within the Commonwealth;
 2. The projected revenue from wagering operations, and tax revenue to the Commonwealth;
 3. Community engagement;
- c) Fanatics' proposed measures related to responsible gaming, including:
 1. Fanatics' responsible gaming policies;
 2. Fanatics' advertising and promotional plans;
 3. Fanatics' history of demonstrated commitment to responsible gaming;
- d) A description of Fanatics' willingness to foster racial, ethnic, and gender diversity, equity, and inclusion, including:
 1. Within Fanatics' workforce;
 2. Through Fanatics' supplier spend;
 3. In Fanatics' corporate structure;
- e) The technology that Fanatics intends to use in its operation, including:
 1. Geofencing;

² The consultants include RSM US LLP ("RSM"), which presented on Fanatics' financial projections; Gaming Laboratories International LLC ("GLI"), which presented on technology considerations; and the Commission's Investigations and Enforcement Bureau ("IEB"), which presented on Fanatics' suitability.

2. Know-your-customer measures; and
 3. Technological expertise and reliability;
- f) The suitability of Fanatics and its qualifiers, including:
1. Fanatics' corporate integrity;
 2. The integrity of Fanatics' individual qualifiers;
 3. Fanatics' financial stability, integrity, and background;
 4. Fanatics' history of compliance with gaming or sports wagering licensing requirements in other jurisdictions; and
- g) Any other appropriate factor, in the Commission's discretion.

Further, the Commission decided whether each section of Fanatics' Application addressing these factors failed to meet, met, or exceeded expectations.

Ultimately, the Commission finds there is substantial evidence in the record to conclude that Fanatics' proposed Sports Wagering operation meets the requirements set forth in G.L. c.23N and 205 CMR 218. The Commission further finds there is substantial evidence to adopt the following specific findings of fact and conclusions of law related to the Application.

A. Experience and Expertise Related to Sports Wagering

Fanatics is a subsidiary of Fanatics Holdings, Inc. ("FHI"), a privately held corporation. FHI also owns Fanatics Commerce, the largest seller of licensed sports merchandise in the world, and Fanatics Collectibles, a licensed trading card brand in the U.S.

Matt King, CEO of Fanatics, previously served as CEO of FanDuel and helped grow FanDuel's business. Mr. King partnered with Michael Rubin, whom Mr. King described as one of the most successful entrepreneurs in sports betting, to launch Fanatics. To launch Fanatics, Mr. King also sought out others with experience in other digital categories, including former FanDuel employees. Mr. King discussed the experience that the leadership team has in operating and leading regulated sports wagering platforms, along with the team's mix of experience in both domestic and international markets. The leadership team is comprised of individuals who have experience in sports wagering and also high-end technology.

During the presentation, Fanatics also discussed how the company intends to be an innovator in the online sports betting business. Fanatics reviewed the ways in which its team has previously been successful in sports betting and other digital categories and how this translates into the operation of its sports wagering platform.

The Commission expressed concerns regarding Fanatics' heavy reliance on FHI and its posture. Fanatics noted there is some integration between Fanatics and FHI for marketing and funding. The Commission inquired about the organizational structure and ownership and control of Fanatics and FHI. As Fanatics is a private company, details of the corporate structure and ownership were discussed in executive session. The Commission was ultimately satisfied that Fanatics would be sufficiently independent in its sports wagering operations.

There is substantial evidence that Fanatics has the experience and expertise required to develop and operate a Sports Wagering Platform. Therefore, Fanatics’ proposal for its Sports Wagering Operation meets expectations.

SUMMARY OF EVALUATION BY CRITERIA	
Criteria	Finding
<p>Ability to offer Sports Wagering in the Commonwealth</p>	<p>Fanatics is a subsidiary of FHI, which operates Fanatics Commerce, Fanatics Collectibles and Fanatics Betting and Gaming. Fanatics Commerce is the largest seller of licensed sports merchandise in the world; Fanatics Collectibles is the largest collectibles business in the country.</p> <p>Fanatics asserts that digital markets require innovation, and that as a second mover it can bring a unique and innovative perspective to the market. Fanatics stated it had a proven track-record in sports betting and other digital categories, and that it has extensive experience in the U.S. and globally in sports wagering and high-end technology.</p> <p>Fanatics intends to offer its mobile sports wagering platform in Massachusetts under a tethered commercial agreement with Plainville Gaming and Redevelopment, LLC (a Category 1 sports wagering applicant). Matt King, former CEO of FanDuel, is serving as Fanatics’ CEO.</p> <p>As of January 12, 2023, Fanatics holds online and retail sports wagering operator licenses in Maryland and Ohio, though operations have not yet commenced. In addition, as of January 12, 2023, Fanatics has applications pending in five other jurisdictions.</p> <p>Fanatics is on track to launch its gaming business in Q1 2023, and plans to be in all major markets by September of 2023. Fanatics’ executive team brings experience from a number of international markets. Notably, Mr. King has a proven track- record with sports betting in the U.S. and helped build FanDuel.</p> <p>The Commission was satisfied with Fanatics’ ability to offer Sports Wagering in the Commonwealth.</p>
<p>Description of Fanatics’ proposed Sports Wagering Platform</p>	<p>Fanatics intends to build a stable platform powered by AWS. Fanatics is partnering with Amelco to purchase its core code base. During the presentation, Fanatics described how Amelco has a proven code base with an operating platform in seventeen U.S. and international markets.</p> <p>The Commission was satisfied with Fanatics’ proposed Sports Wagering platform.</p>

Technical features and operation of Fanatics' proposed Sports Wagering Platform	Due to the proprietary nature of Fanatics' platform, Fanatics stated its platform was a trade secret and that Fanatics would be put at a competitive disadvantage if its platform was presented publicly. Fanatics therefore demonstrated its platform in executive session, and the Commission was satisfied with the technical features and operation of Fanatics' sports wagering platform.
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B. Economic Impact

During its presentation, Fanatics discussed how it anticipates it will bring significant benefits to the gaming business by building an easy to use and innovative platform for all sports fans. Fanatics asserted that it stands behind an existing brand that is well known and trusted.

The Commission questioned what Fanatics intends to bring to Massachusetts in terms of employment, if a sports wagering license was awarded. Fanatics discussed its intention to continually grow, and with that growth, add employees in Massachusetts. However, Fanatics did not have a specific plan for adding employees upon the award of a sports wagering license. Fanatics intended to find opportunities to add employment in the Commonwealth, which included opportunities in marketing and technology.

The Commission questioned Fanatics' assertion in its application that it would bring additional revenue to Massachusetts based on its marketing and ad initiatives and specifically, whether the additional revenue was tied to media outlets or Fanatics' contribution of revenue. Fanatics stated that in its experience, sports betting increases customer engagement with sports, which leads to increased advertising and local channels having the ability to charge more for ads. Fanatics asserted that the underlying engagement of sports betting will help lift the overall advertising market for the Commonwealth. Fanatics plans to complement this with its paid media with local advertising channels. The Commission raised concerns with extra money flowing into the Commonwealth solely from sports betting advertising. Fanatics agreed that sports betting advertisements should not inundate viewers during games. Fanatics discussed its plans to ensure the use of proper channels to engage the demographic it is trying to reach, which is people of legal age.

Fanatics' proposal in the economic impact category meets expectations.

SUMMARY OF EVALUATION BY CRITERIA	
Criteria	Finding
Employment opportunities	<p>Fanatics is focused on building a diverse team with experience in other digital categories. As of January 12, 2023, Fanatics does not have any physical locations in the Commonwealth.</p> <p>However, FHI employs 400+ remote employees in Massachusetts and plans to hire more.</p>

	<p>As of January 12, 2023, Fanatics had eight employees living in Massachusetts, but working remotely, and had hired an additional employee. The employees do not exclusively serve the Massachusetts business, but also work on business in other jurisdictions. Fanatics stated it does not have a specific plan to hire a certain number of employees if it were to obtain a license in Massachusetts.</p> <p>The Commission was satisfied with Fanatics’ employment arrangement.</p>
<p>Projected revenue from wagering operations, and tax revenue</p>	<p>As of January 12, 2023, Fanatics was still in the pre-launch phase and was unable to present its financial and operational plans. The Commission’s external consultant, RSM, noted that FHI has adequate resources to operate Fanatics’ business. However, it is up to FHI to allocate its resources; if Fanatics experiences losses, there is no guarantee FHI will continue to subsidize the business in Massachusetts. According to Fanatics, FHI is a strongly capitalized business and is on pace to do more than six billion in revenue in 2023.</p> <p>Fanatics provided RSM with five years of financial information for FHI. Based on Fanatics’ self-disclosed information, Fanatics has been preparing for a simultaneous nationwide launch of its product in all licensed jurisdictions.</p> <p>Based on the information that RSM reviewed, it was able to look at Fanatics’ market share projections, which were discussed with the Commission in executive session. RSM was able to forecast gross gaming revenue and the hold percentage.</p> <p>Fanatics asserted it can provide additional tax revenue for Massachusetts by expanding its customer base through a wide variety of advertising and by leveraging its database to curate products to attract broader customer segments.</p> <p>The Commission found Fanatics’ projected revenue satisfactory.</p>
<p>Community engagement</p>	<p>Michael Rubin - Founder, Executive Chairman, and Chief Executive Officer of FHI is the co-founder of the REFORM Alliance, an organization dedicated to advancing criminal justice reform. The company also participates in the All-In Challenge that addresses food insecurity, Make a Wish Foundation, and the Special Olympics.</p> <p>The Commission was satisfied with Fanatics’ proposed plans for community engagement.</p>

C. Responsible Gaming

Fanatics has hired dedicated responsible gaming staff on its compliance team, its operations team, and its data science team. Fanatics discussed how before Fanatics takes a bet on its mobile platform, every employee will be trained on responsible gaming matters. All employees who join after the initial training will receive the same training. Customer-facing staff will receive additional training. Refresher training will be provided annually to all employees.

Fanatics stated that at a minimum, its platform will offer all required regulatory tools and resources (i.e., daily, weekly and monthly limits on play). National and state specific resources will also be provided to customers.

Fanatics intends to market responsibly by adopting industry best practices to include the American Gaming Association’s Responsible Marketing Code for Sports Wagering. Fanatics will also include responsible gaming messaging in all marketing materials.

The Commission raised concerns about Fanatics’ responsible gaming due to Fanatics’ plans to leverage the FHI database to market its product. The database has been developed over many years and the Commission was concerned about how Fanatics would segregate people not of gaming age in the database. The Commission also expressed concerns as to what people in the database opted in and out of when they signed up for the database. Fanatics stated it intends to address both concerns through technology and the use of third parties to verify the accuracy of its information.

The Commission agreed that prior to launching in Massachusetts, Fanatics must provide a board approved responsible gaming plan to the Commission. Therefore, Fanatics responsible gaming measures conditionally meets expectations.

SUMMARY OF EVALUATION BY CRITERIA	
Criteria	Finding
Responsible Gaming Policies	Fanatics will give patrons an option to utilize reality checks. Fanatics will have daily, weekly, and monthly time limits. Fanatics will remove self-excluded and otherwise prohibited players from their direct marketing activities. Fanatics will not advertise in areas where patrons are expected to be predominantly under 21 years old, including on Massachusetts college campuses. Fanatics will require marketing affiliates to adhere to content controls with termination rights for failure to comply.

	<p>Fanatics’ compliance committee will regularly review responsible marketing practices. All employees will be trained on responsible gaming.</p> <p>As of January 12, 2023, Fanatics was in the process of developing its responsible gaming plan. Fanatics agreed to provide its approved plan to the Commission.</p> <p>The Commission was satisfied with Fanatics’ responsible gaming policies, on the condition that Fanatics provide the Commission a copy of its responsible gaming plan prior to any launch in Massachusetts.</p>
<p>Advertising and Promotional Plans</p>	<p>Fanatics intends to spend with local media businesses in the Commonwealth to attract Massachusetts customers through a variety of mediums.</p> <p>The Commission was concerned about Fanatics’ use of the term “risk-free” in its marketing materials and the predatory nature of that term. Fanatics noted that it would look to apply the highest industry standards in its promotions.</p> <p>Fanatics is open to discussions on how it can partner with the Massachusetts State Lottery.</p> <p>The Commission was satisfied that Fanatics’ advertising and promotional plans will adhere to its responsible gaming policies.</p>
<p>History of Dedicated Commitment to Responsible Gaming</p>	<p>Fanatics is a new company and does not have a history of responsible gaming outreach; however, the Commission was satisfied with Fanatics’ Responsible Gaming Policies, as described above.</p>

D. Diversity, Equity, and Inclusion

The Commission included Diversity, Equity, and Inclusion as a stand-alone consideration to demonstrate the value it places on this category of an applicant’s application.

During its presentation, Fanatics discussed how over the last two years, the wider Fanatics business has brought on additional staff to build out its global inclusion team. Fanatics has also updated its recruiting practices, expanded training, and formed employee resource groups. Fanatics discussed its DEI efforts and its intentions to build upon it as demonstrated by its leadership team. For example, Fanatics established the “IDEA” initiative to foster inclusion, diversity, equality and advocacy within its organization. Furthermore, Fanatics also includes compensation on its job postings and hosts two annual company-wide DEI summits. Fanatics has ten entities that it partners with to diversify its employment teams.

Fanatics is in the beginning stages of its DEI efforts for diversity spend in procurement. For 2023, this includes requirements that all competitive bids include at least two vendors classified as WBE/MBE businesses. Fanatics intends to create benchmarks for minority spend across the company and will update its RFP template to require suppliers to provide their organizations commitment to DEI. Fanatics planned to target a three percent annual growth and create benchmarks for qualified minority spend across the company.

The Commission inquired about any in-house programs Fanatics has to assist with employee advancement. At the time of the presentation, Fanatics was in the midst of building an internal program. All of Fanatics’ HR programs come from within the organization, which the management and leadership teams develop to internally grow the team.

The Commission inquired about Fanatics’ workforce goals and diversity spend in the Commonwealth, and the progress that the company made in either area. For workforce diversity, Fanatics said that it was looking at its past work. Fanatics is working on establishing benchmarks to determine the company’s current status is and how it can improve and thereby develop future goals. Starting in Q1 2023, Fanatics will collect data on applicants to create benchmarks for new applications. Fanatics is looking to improve hiring at the director level and above, which it found helps to increase diversity at all levels of its business. On a bi-weekly basis, Fanatics anonymously asks its employees through a survey on Fanatics’ success in increasing diversity, equity, and inclusion. Fanatics is also looking to implement recruiting efforts with specific sources (e.g., Minorities in Sports Network, Power to Fly, National Black Engineers, Women in Tech, and Out in Tech) this year that targets specific diverse groups. The Commission questioned whether these organizations were the same organizations that Fanatics included in its application. Fanatics acknowledged that although some of the organizations overlapped, some were new for 2023. The Commission further questioned if any of these organizations were Massachusetts based; Fanatics agreed to follow up with additional information.

Fanatics’ diversity, equity, and inclusion efforts meet expectations.

SUMMARY OF EVALUATION BY CRITERIA	
Criteria	Finding
DEI within the workforce	<p>Over fifty-two percent of Fanatics’ employees identify as either female or diverse. Fanatics also has a diverse executive team.</p> <p>Fanatics noted that for Massachusetts, they now have nine employees in the Commonwealth. 78% of these employees identify as either female, ethnically diverse or both. One is a senior manager and one is a director. At a minimum, all employees are at the Software Engineer 2 level (which is above entry level) and span through the director level.</p> <p>In 2021, Fanatics established a Global Inclusion team to set cross-functional strategies, establish goals and facilitate its commitment to the company’s “IDEA” initiative. IDEA stands</p>

	<p>for inclusion, diversity, equality and advocacy. Through IDEA, Fanatics strives to drive diversity and build an inclusive culture.</p> <p>Over the past two years, Fanatics has brought on additional staff to build up its Global Inclusion team. The Global Inclusion team is led by a vice president who reports to the Chief People Officer of FHI. The Global Inclusion team includes employees at various levels in the company from multiple departments. During this time, Fanatics has also expanded its training, formed employee resource groups and updated its recruiting practices.</p> <p>In 2023, Fanatics intends to expand its outreach to diverse candidates with more targeted outreach to various groups, such as PowerToFly, posting on the National Black Engineers career page, and working with Women in Tech, and Out in Tech. Fanatics has also started posting its salary ranges on its job postings.</p> <p>The Commission was satisfied with Fanatics’ workforce goals.</p>
<p>DEI through supplier spend</p>	<p>In 2021, Fanatics partnered with supplier.io to analyze its data and create a baseline spend on small and diverse owned businesses.</p> <p>In 2023, Fanatics plans to build and enhance relationships within the organization to raise awareness and to identify minority-owned vendors.</p> <p>Fanatics intends to create benchmarks for qualified minority supplier spend across the organization, with an initial target of 3% annual growth company wide.</p> <p>Fanatics intends to comply with diversity plans developed by leading gaming regulators.</p> <p>The Commission was satisfied with Fanatics’ proposed goals for supplier spend.</p>
<p>DEI in corporate structure</p>	<p>48% of Fanatics U.S. employees identify as racially and ethnically diverse; 54% of Fanatics U.S. employees identify as women; 19% of Fanatics U.S. employees identify as racially and/or ethnically diverse; 33% of Fanatics U.S. employees that are directors and above identify as female; and 2 of 3 independent board directors are diverse.</p> <p>The Commission was satisfied with Fanatics’ DEI in corporate structure.</p>

E. Technology

Fanatics stated that all of its technology partners have significant experience in the U.S. iGaming and sports betting market.

Fanatics purchased Amelco’s source code for its core platform. Amelco is already certified by GLI in other jurisdictions. Fanatics plans to make changes to the Amelco system and will bring that platform to GLI for certification in early 2023. For data feeds, Fanatics is working with several major suppliers (e.g., Stats Perform, Sportradar, Genius Sports, IMG Arena), which will feed directly into the Amelco platform.

A concern was raised by the Commission about Fanatics’ use of Salesforce for staffing; Fanatics clarified that it would not be using Salesforce for staffing, only as a software platform for certain operations.

The Commission requested clarification on Fanatics’ assertion in its application that it would provide a software platform that would compete with the legal and illegal markets. Fanatics discussed its belief that its platform would speak to a broader segment of the population and thereby draw people away from the illegal market and into the legalized market.

The Commission inquired about whether Salesforce would be used for know your customer (“KYC”) checks. Fanatics described how initial KYC checks would be completed via Socure. If a customer could not pass the KYC check, the customer would have to upload documents via Salesforce to the customer service team. The Commission asked about Fanatics’ contingency plan if Salesforce was unable to meet expectations due to their layoffs. Fanatics stated it relies on Salesforce for its software, not staffing. Fanatics further stated it was not concerned with Salesforce layoffs, given Salesforce is cloud based and has a history of reliability. Fanatics also stated it intends to add another KYC provider which will allow them to move customers to either.

The Commission questioned the timeline for Fanatics launching its platform and GLI having an opportunity to test the platform. Fanatics’ goal was to be live around the time that sports wagering in Massachusetts goes live. However, specific timelines regarding launch of the platform were discussed in executive session. GLI confirmed that it is familiar with the Amelco platform and that it has also issued certification for the other two jurisdictions where Fanatics has received approval for a regulatory license. Fanatics clarified that they do not have technological approval in the other two jurisdictions, they only have regulatory approval.

Fanatics’ technology meets expectations.

SUMMARY OF EVALUATION BY CRITERIA	
Criteria	Finding
Geofencing	Fanatics’ platform will use the latest version of GeoComply’s technology.

	<p>The Commission was satisfied with Fanatics’ Geofencing system.</p>
<p>Know your customer measures</p>	<p>Upon registration, the customer’s identity will be confirmed by Socure; this process will be automated.</p> <p>When accessing the platform, customers will experience either a “pass,” “soft fail,” or “fail.” Different options are available to help a customer navigate access if they experience a soft fail or fail when they are trying to access the platform (which includes automated help and Fanatics’ customer service).</p> <p>The Commission was satisfied with Fanatics’ KYC measures.</p>
<p>Technological expertise and reliability</p>	<p>Platform – Fanatics’ core platform is powered by Amelco. Specifically, their player account management system and sports wagering system.</p> <p>Payment Processing – Fanatics’ player account management system will integrate with Paysafe’s gateway, which will allow customers the ability to deposit and withdraw with a wide range of MGC-approved processors. Customers will be able to use debit and credit cards. Through Paysafe, Fanatics will accept Paypal, Venmo, Apple Pay, online banking, ACH, wire and cash. Fanatics will utilize Sift as their software partner for fraud.</p> <p>Operations - Fanatics will utilize Salesforce. Salesforce will be Fanatics’ backbone for customer service/management and chat. Ada is the chat box service that will sit in front of the Salesforce chat service and help with routine customer questions to provide responses to customers in real time. Ada can also triage and solve some of the common customer issues in real time and deflect traffic to operators.</p> <p>Marketing - Fanatics will use Optimove and AppsFlyer for cohort, segmentation and mobile attribution. Fanatics is building native for IOS and Android, and Fanatics’ discussed these types of services are effective for managing customer communications at scale.</p> <p>Player Account Management System – Fanatics is using the Amelco platform. Fanatics is co-developing custom applications to make Amelco provide the user experience that Fanatics wants to bring to their customers. Similarly, Fanatics is co-developing select middleware applications to make sure the front-end works quickly.</p> <p>Cloud and Server Services - Fanatics will use AWS for out-of-state and in-state redundancy.</p>

	The Commission was satisfied with Fanatics’ technological expertise and reliability.
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F. Suitability of Fanatics and its Qualifiers

The Commission requested supplemental documents from Fanatics regarding its responsible gaming plan, supplier and diversity goals and investors. Fanatics subsequently provided the requested supplemental materials. As Fanatics is a private company, most of the requested supplemental materials were discussed in executive session. The Commission was satisfied with Fanatics’ responses.

In addition, the IEB noted that Fanatics had seven entities and six individuals that were identified as qualifiers in connection with Fanatics’ application. The IEB’s Licensing Division requested tax certifications from the entity qualifiers, which the IEB received. However, the tax certifications would not be reviewed by the IEB unless a full investigation ensued. As of the January 5, 2023, presentation, the IEB was still waiting for a certification and suitability form for Mr. Rubin, which Fanatics was in the process of providing.

The Commission was concerned with the April 2019 EEOC press release regarding ongoing litigation with Fanatics. Fanatics confirmed that no entity in the gaming structure was named in the litigation. The litigation related to the commerce structure which is a parallel company. FHI, rather than Fanatics, was named in the lawsuit. The Commission requested that Fanatics provide the complaint and the motion that was filed for the case.

The Commission also was concerned with the corporate structure of Fanatics, the settlement in New York regarding the tax issue, and the class action against Fanatics concerning the Sherman Act. Due to Fanatics being a private company and confidentiality reasons, Fanatics’ corporate structure, the settlement in New York, and the class action litigation were discussed in executive session.

Overall, there is evidence that Fanatics’ proposal in the suitability category meets expectations.

SUMMARY OF EVALUATION BY CRITERIA	
Criteria	Finding
Corporate integrity	Fanatics is preliminarily suitable to hold a sports wagering license on the condition that it submit its responsible gaming plan prior to its launch in Massachusetts.
Individual qualifier integrity	IEB’s investigative report prepared for the purposes of this temporary license decision has not revealed any disqualifying information concerning Fanatics’ integrity, honesty, good character, or reputation.
Fanatics financial stability, integrity, and background	The parent company, FHI, provides all capital funding to Fanatics.

History of Compliance	The Maryland State Lottery and Gaming Control Commission issued Fanatics an Online Sports Wagering Operator License on October 27, 2022, and a Sports Wagering Facility Operator License on June 23, 2022. Fanatics was also issued both retail and mobile licenses by the Ohio Casino Control Commission on November 16, 2022. Fanatics has five pending applications in other jurisdictions.
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IV. Award

THERE IS SUBSTANTIAL EVIDENCE IN THE RECORD THAT FANATICS' APPLICATION MEETS EXPECTATIONS IN ALL MAJOR CATEGORIES AND THAT FANATICS IS ELIGIBLE TO REQUEST A TEMPORARY TETHERED CATEGORY 3 SPORTS WAGERING LICENSE

On January 12, 2023, the Commission deemed Fanatics (“Licensee”) eligible to request a Temporary Tethered Category 3 Sports Wagering Operator License (“License”) pursuant to the terms and conditions of this Agreement (“Agreement”). On November 21, 2022, the MGC received Fanatics’ request for a temporary license, and an initial licensing fee of \$1,000,000 payable to the Commission. *See* 205 CMR 219.02(1). On January 12, 2023, the Commission voted to issue the requested temporary license. *See* 205 CMR 219.02(3).

This License is subject to the following conditions:

1. Compliance with all of the requirements of G.L. c. 23N, as now in effect and as hereafter amended and 205 CMR, as now in effect and as hereafter amended.
2. Compliance with all applicable federal, state, and local laws, rules and regulations, now in effect or as hereafter amended or promulgated.
3. Compliance with the license conditions set by 205 CMR 220, namely:
 - a. That the Licensee obtain an Operation Certificate before conducting any sports wagering in the Commonwealth;
 - b. That the Licensee comply with all terms and conditions of its license and Operation Certificate;
 - c. That the Licensee comply with G.L. c. 23N and all rules and regulations of the Commission;
 - d. That the Licensee make all required payments to the Commission in a timely manner;
 - e. That the Licensee maintain its suitability to hold a Sports Wagering license; and

- f. That the Licensee conduct sports wagering in accordance with its approved system of internal controls, and in accordance with its approved house rules, in accordance with G.L. c. 23N, § 10(a) and with 205 CMR.
4. The Licensee post the License, in the form prescribed by the Commission, in a location continuously conspicuous to the public on the Licensee's Sports Wagering Platform and website at all times.
5. Other specific conditions:
 - a. The Licensee must adopt an approved responsible gaming plan for the company pursuant to its governance procedures prior to any launch of its mobile platform in Massachusetts.
6. Payment of assessments made pursuant 205 CMR 221.00 in accordance with that regulation.
7. The Sports Wagering Operation shall substantially conform to the information included in the application filed by the Licensee and abide by all affirmative statements made in the Licensee's application.
8. Compliance with any free play standards set by the Commission.
9. The term of the temporary license awarded to Licensee commences upon February 23, 2023, and shall expire as set out in 205 CMR 219.03.

SO ORDERED

MASSACHUSETTS GAMING COMMISSION



Cathy Judd-Stein, Chair



Eileen M. O'Brien, Commissioner



Bradford R. Hill, Commissioner



Nakisha L. Skinner, Commissioner

A handwritten signature in blue ink, appearing to read "Jordan M. Maynard".

Jordan M. Maynard, Commissioner