COMMONWEALTH OF MASSACHUSETTS

SUFFOLK, ss. MASSACHUSETTS GAMING COMMISSION

*In the Matter of:*

Betfair Interactive US LLC d/b/a/ FanDuel
Noncompliance Matter

**DECISION**

This matter came before the Massachusetts Gaming Commission (hereinafter, "Commission") for a determination as to whether Category 3 Sports Wagering Operator, Betfair Interactive US LLC, d/b/a FanDuel Sportsbook's (hereinafter "FanDuel's") actions violated G.L. c. 23N, §§ 11(a)(i) and 13(f); and 205 CMR 238.32(1). This decision results from the adjudicatory proceeding conducted by the Commission on April 9, 2025, via remote collaboration technology. FanDuel was represented by Attorney Jed Nosal (hereinafter "Attorney Nosal") and the Investigations and Enforcement Bureau (hereinafter "IEB") was represented by Senior Enforcement Counsel Zachary Mercer. The Director of the IEB, Caitlin Monahan and IEB Chief Enforcement Counsel, Kathleen Kramer, were also present.

The adjudicatory proceeding was conducted in accordance with 205 CMR 101.01; Massachusetts General Law Chapter 30A, sections 10 and 11; and 801 CMR 1.02: *Informal/Fair Hearing Rules*. This matter involved a non-compliance incident that spanned from April 19, 2024, to April 21, 2024, when a FanDuel employee was alleged to engage in sports wagering in contravention of 205 CMR 238.32(1).

At the direction of the Chair, the entire Commission presided over the matter. For the reasons set forth below, the Commission finds that FanDuel violated G.L. c. 23N, 13(f); and 205 CMR 238.32(1), when the employee engaged in prohibited wagering. As a result of the aforementioned regulatory violations and for the reasons articulated herein, the Commission hereby fines FanDuel $5,000.

## I. Factual and Procedural Background

On May 24, 2024, FanDuel representatives notified the Commission's Sports Wagering Division that an employee had placed wagers on its platform in Massachusetts and other regions from April 19, 2024, through April 21, 2024. FanDuel detected the non-compliance incident on May 14, 2024. An Employee [1] placed 12 wagers on NBA games for a total amount of $240.00.[2] Based on this self-report, the IEB conducted a review of the noncompliance incident and

[1] The name of the employee has not been included within this Decision. The Commission has instead capitalized the term "Employee" when referring to the specific employee involved in this matter.
[2] FanDuel's initial report of this incident to the Commission mistakenly reported that the employee placed thirty-three (33) wagers totaling $542.00. This was an error due to a duplicative calculation of certain wagers and amounts that were part of larger parlays. A broader investigation yielded the correct amount of $240.00.

FanDuel's internal policies and procedures. The IEB also conducted interviews with members of FanDuel's Regulatory Compliance team. During its investigation, the IEB requested additional documents and supplemental information from FanDuel. FanDuel was cooperative and responsive to the Bureau's inquiries and requests. After concluding its investigation, the IEB issued a Sports Wagering Noncompliance Investigation Report dated March 21, 2025 (hereinafter "Report"). The Report was provided to the Commission, and the Commission subsequently initiated this adjudicatory proceeding pursuant to G.L. c. 23N, §§ 4, 16, and 205 CMR 232.

The Report detailed that FanDuel had internal procedures and processes in place to prohibit, monitor and detect employee wagering. FanDuel employees were also required to complete a training session on employee policies, including the prohibition of placing wagers at the beginning of their employment with the company and then re-complete the training biannually, thereafter. The requirement for training and the prohibition against wagering on the platform is also referenced within all employees' initial offers of employment. New employees are also required to close any existing personal wagering accounts they have with FanDuel within thirty (30) days of their first day of employment. FanDuel employees are permitted to maintain and use an "employee Daily Fantasy Sports account" which allows them to participate in internal contests offered by the company. These accounts require a specific naming convention and are also linked with the employee's company email address for identification and monitoring purposes. FanDuel also conducts weekly reviews for employee wagering as a part of its approved internal controls. FanDuel employees are not prohibited from engaging in sports wagering on other licensed platforms, however.

In the present matter, the Employee began work with FanDuel on April 8, 2024, and completed their required training on April 15, 2024. Their prohibited wagering began on April 19, 2024, and continued until April 21, 2024. The employee also engaged in wagering in two other states. Due to an internal monitoring issue that has since been remedied, the Employee's wagering activity was not discovered within the weekly reviews. The wagering was not detected until after completion of their initial thirty (30) days of employment with FanDuel. After the non-compliance incident was identified, FanDuel suspended the Employee's account and all outstanding wagers at the time of detection were settled as losses. After an inquiry with the Employee, FanDuel learned that the Employee was not attentive during the required training module they completed during their onboarding process. FanDuel then required the Employee to re-complete the training module on May 23, 2024. FanDuel determined that the facts of this incident lacked the aggravating factors that would result in the Employee's termination.

A copy of the IEB's Report and accompanying exhibits was provided to FanDuel along with a notice of this adjudicatory proceeding. A prehearing conference between parties occurred in advance of the adjudicatory hearing held on April 9, 2025.

## II. Exhibits

The following exhibits were admitted into evidence at the proceeding without objection. Attorney Nosal, on behalf of FanDuel also stipulated to the IEB's Report, included as Exhibit 10. The Commission considered all exhibits, in conjunction with witness testimony, to reach its final decision.

**Exhibit 1.** IEB Video Interview of Atty. Ben Roth, FanDuel, Sept. 6, 2024
**Exhibit 2.** FanDuel Full Employee Play Policy, February 2024
**Exhibit 3.** FanDuel Correspondence with IEB, September 20, 2024
**Exhibit 4.** FanDuel Employee Play Monitoring Procedure, August 9, 2023
**Exhibit 5.** FanDuel Correspondence with IEB, July 1, 2024
**Exhibit 6.** FanDuel Commercial Director Job Description
**Exhibit 7.** FanDuel Employee Wagers Spreadsheet
**Exhibit 8.** FanDuel Correspondence with IEB, March 4, 2025
**Exhibit 9.** FanDuel Correspondence with IEB, March 17, 2025
**Exhibit 10.** IEB Noncompliance Investigation Report, March 21, 2025
**Exhibit 11.** FanDuel Employee Play Policy - abbreviated, February 2024
**Exhibit 12.** FanDuel Employee Play Monitoring Procedure - abbreviated, August 9, 2023
**Exhibit 13.** FanDuel Internal Slack Channel Images, February 24 and February 27
**Exhibit 14.** FanDuel Interactive Employee Play Map
**Exhibit 15.** Revised Notice of Hearing – Dated March 14, 2025

After the hearing, FanDuel submitted four additional exhibits to assist the Commission in its deliberations. These exhibits were:

**Exhibit 16.** FanDuel Incident Report Regarding Employee Play, dated May 24, 2024
**Exhibit 17.** FanDuel Employee Offer Letter, redacted, dated March 22, 2024
**Exhibit 18.** Employee Play Policy, Provided to FanDuel Employee, as Appendix A
**Exhibit 19.** FanDuel Employee Play Policy Training Module

## III. Witnesses

Civilian Investigator, Kevin Murphy offered testimony on behalf of the IEB. FanDuel's Regulatory Counsel, Ben Roth, and Reginald Ledan, Director of Corporate Compliance, also testified. All witnesses were sworn in at the start of the proceeding and found to be credible.

## IV. Analysis

Per statute, "no employee may place a wager at any facility or through any mobile application or digital platform owned or operated by their employer". G. L. c. 23N, § 13(f). Operators are required to "employ commercially reasonable methods to: (i) prohibit the operator, directors, officers, owners and employees of the operator and any relative living in the same household as any such person from placing bets with the operator." 205 CMR 238.32 also requires Operators to establish a system of internal controls that meets the requirements of 205 CMR 243.01(1)(t) and that includes the following in accordance with M.G.L. c. 23N §11(a):

> (1) No Sports Wagering Operator, directors, officers, owners, <u>employees</u>, subcontractors, or Qualifiers <u>of the Sports Wagering Operator</u>, as well as those within the same household as any such Person, <u>may place Sports Wagers with the Sports Wagering Operator</u>, or with any other Sports Wagering Operator tethered to

> the Operator, <u>on any event</u>, except in private pools where the player's association with the Sports Wagering Operator is clearly disclosed.

205 CMR 238.32(1). Emphasis added.

In addition to the clear statutory and regulatory prohibitions and requirements for Operators to prohibit directors, officers, owners, employees, subcontractors, or Qualifiers from wagering at their facilities or on their platforms, FanDuel also developed and initiated its own policies and systems to not only deter but also detect prohibited wagering.

The evidence and testimony offered at the hearing collectively demonstrate that while commercially reasonable methods were in place to prohibit wagering by an employee, a violation occurred when the Employee engaged in wagering beginning on April 19, 2024, and continuing until April 21, 2024, nonetheless. Accordingly, FanDuel violated G.L. c. 23N, § 13(f) and 205 CMR 238.32(1). Per G.L. c. 23N, §§ 4, 16, and 205 CMR 232, and upon finding the violations described above, the Commission may issue a civil administrative penalty, impose conditions on FanDuel's license, suspend FanDuel's license, revoke FanDuel's license, reprimand FanDuel, and/or assess a fine upon FanDuel.

After consideration of the law and facts, the Commission has determined that FanDuel is to be assessed a fine of $5,000. Pursuant to G. L. c. 23N § 16(i)(ii), the Commission may impose a wide variety of penalties, including assessment of a fine upon a finding that the operator is not in compliance with sports wagering regulations promulgated pursuant to this chapter. The Commission chose to hold an adjudicatory hearing on this matter. The standard of proof in administrative proceedings is typically "preponderance of the evidence," meaning the evidence must show that it is more likely than not that the alleged violation occurred. <u>Medical Malpractice Joint Underwriting Ass'n of Mass. v. Commissioner of Ins.</u>, 395 Mass. 43, 46 (1985); <u>Craven v. State Ethics Comm'n</u>, 390 Mass. 191, 200, 454 N.E.2d 471, 476 (1983); <u>see</u> <u>Lisbon v. Contributory Ret. Appeal Bd.</u>, 41 Mass. App. Ct. 246, 255 (1996). The burden of evidence has been met in this matter as reflected by the record, including testimony, and through the fact that Attorney Nosal stipulated to the facts of the IEB report, during the April 9, 2025, proceeding.

The Commission has determined that the amount of the fine is appropriate in light of the following considerations. The Commission appreciates that FanDuel self-reported to the Commission in a timely manner, that the Operator took steps to ensure re-training occurred, and that the wagers were paid back by the Employee. FanDuel has also taken steps to ensure that similar noncompliance events will not happen in the future, by modifying internal monitoring controls to detect prohibited wagers within a much shorter period. The Commission encourages FanDuel to adopt more proactive measures to monitor employee participation during trainings; and to implement a period for the closure of new employee personal accounts shorter than the current thirty (30) day window discussed at the hearing.

While it spanned for only few days, the Commission deems the aforementioned noncompliance incident to be a significant violation of the intentions of the Massachusetts Sports Wagering Act and 205 CMR. The Commission expects that Operators will continue to ensure that directors, officers, owners, employees, subcontractors, or Qualifiers are not wagering in their facilities or on their platforms, in contravention of 205 CMR 238.32(1).

## V. Conclusion

For the foregoing reasons, the Commission finds that FanDuel violated G.L. c. 23N §13(f); and 205 CMR 238.32(1) based on the prohibited wagering that occurred on April 19, 2024, and continued until April 21, 2024. As a result, the Commission hereby fines FanDuel $5,000.

**SO ORDERED.**

**MASSACHUSETTS GAMING COMMISSION**

By:

______________________________

Jordan Maynard, Chair

______________________________

Eileen M. O'Brien, Commissioner

______________________________

Bradford R. Hill, Commissioner

______________________________

Nakisha L. Skinner, Commissioner

______________________________

Paul Brodeur, Commissioner

DATED: March 20, 2026