

COMMONWEALTH OF MASSACHUSETTS

SUFFOLK, ss.

MASSACHUSETTS GAMING COMMISSION

<i>In the Matter of:</i> MGM Springfield Potential Noncompliance Incident)))))))
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DECISION

This matter came before the Massachusetts Gaming Commission (hereinafter, “Commission”) for a determination as to whether Category 1 Sports Wagering Operator MGM Springfield’s (hereinafter “MGM”) actions violated G.L. c. 23N, § 3; 205 CMR 247.01(2)(a)(2); and/or the Massachusetts Sports Wagering Catalog. MGM was alleged to have offered wagering on two unauthorized events involving a Massachusetts collegiate team that was not involved in a collegiate tournament, specifically the Harvard v. Yale men’s basketball game on February 3, 2023, and the Harvard v. Brown men’s basketball game on February 4, 2023, (hereinafter “noncompliance incident”). This decision results from the adjudicatory proceeding conducted by the Commission on April 14, 2023, via remote collaboration technology. At the direction of the Chair, the entire Commission presided over the matter. For the reasons set forth below, the Commission finds that MGM violated G.L. c. 23N, § 3; 205 CMR 247.01(2)(a)(2); and the Massachusetts Sports Wagering Catalog. As a result, the Commission hereby issues a \$20,000 fine on MGM.

I. Background

On February 10, 2023, at approximately 6:04 p.m., MGM Compliance Director Daniel Miller notified the Commission’s Sports Wagering Director Bruce Band that MGM offered wagering on two unauthorized events. Based on this self-report, the IEB conducted a review of the noncompliance incident and issued a Sports Wagering Noncompliance Incident Review Report dated February 22, 2023, (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.

A copy of the Report was provided to MGM along with a notice of this adjudicatory proceeding. IEB Enforcement Counsel Zachery Mercer appeared and testified credibly at the hearing on behalf of the IEB. MGM Compliance Director Daniel Miller and BetMGM Senior Manager, Trading Compliance Alex Walder also testified extensively and were found to be credible.

II. Exhibits

The exhibits identified below were admitted into evidence at the proceeding without objection. The Commission considered all exhibits, in conjunction with witness testimony, in reaching the final decision.

Exhibit 1: Investigations and Enforcement Bureau Sports Wagering Noncompliance Incident Review Report, dated February 22, 2023

Exhibit 2: Notice of April 14, 2023, Hearing

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

III. Analysis

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

MGM stipulated to the contents of Exhibit 1, the Report. The Commission adopts the findings of fact contained in the Report and finds that the evidence presented at and subsequent to the adjudicatory proceeding, as described above, collectively demonstrates that by allowing wagers on the February 3, 2023, and February 4, 2023, Harvard men’s basketball games, MGM violated G.L. c. 23N, § 3; 205 CMR 247.01(2)(a)(2); and the Massachusetts Sports Wagering Catalog.

The facts of the noncompliance incident are as follows. On February 2, 2023, and February 3, 2023, MGM offered wagering on the regular season Harvard vs. Yale men’s basketball game. On February 3, 2023, and February 4, 2023, MGM offered wagering on the regular season Harvard vs. Brown men’s basketball game. The games in question involved a Massachusetts collegiate team (Harvard) and were not part of a collegiate tournament. Wagering was offered for approximately 21 hours on the Harvard vs. Yale game and for approximately 20 hours on the Harvard vs. Brown game. Twenty-eight tickets were sold that included wagers on the two games (hereinafter “tickets”). The total amount wagered on the Harvard vs. Yale game was \$1,150.50 and the total amount wagered on the Harvard vs. Brown game was \$80.00. All wagers were placed at kiosks. Two winning tickets were redeemed at the sportsbook counter and two other winning tickets were redeemed at a kiosk.

Upon hearing of potential noncompliance events related to other Category 1 Sports Wagering Operators in the Commonwealth, MGM asked its vendor, BetMGM¹, to review all bets placed at MGM since the launch of sports wagering in the Commonwealth. The review, which was conducted on February 9, 2023, and February 10, 2023, uncovered the noncompliance incident. BetMGM then confirmed with its trading team that Harvard was on the list of entities upon which wagering is not allowed in the Commonwealth (hereinafter “blacklist”). BetMGM provided confirmed details of the noncompliance incident to MGM at approximately 4:40pm on February 10, 2023. At approximately 6:04pm on February 10, 2023, Mr. Miller informed Director Band of the noncompliance incident.

Wagering was allowed on the unauthorized events because BetMGM had previously incorrectly designated Harvard as being located in Connecticut, not Massachusetts. When BetMGM created its blacklist for Massachusetts, which includes Massachusetts collegiate teams, Harvard “slipped through” because of its previous incorrect designation.

After correcting the specific error in question, BetMGM confirmed that all Massachusetts collegiate teams are correctly designated as being located in Massachusetts. MGM also instituted a daily audit of potential offerings, which takes place before the sportsbook opens for the day and is conducted by an MGM employee of supervisor level or higher. Additionally, BetMGM will conduct periodic quality control reviews of its internal guidance documentation, including contemporaneously verifying newly added information and conducting a quarterly audit of the document to confirm continued accuracy. MGM also spoke to all members of its sportsbook team to educate them about the noncompliance incident and emphasize the importance of vigilance in reviewing potential wagers.

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 MGM’s license, suspend MGM’s license, revoke MGM’s license, reprimand MGM, and/or assess a fine on MGM.

After consideration of the law and facts, the Commission has determined that MGM is to be assessed a fine of \$20,000. G.L. c. 23N, § 16(i)(ii) and (vii). The Commission finds that MGM was not in compliance with sports wagering regulations promulgated pursuant to G.L. c. 23N and that the business practices that led to the noncompliance incident were injurious to the policy objectives of G.L. c. 23N. *See id.* The purpose of the fine is two-fold, serving both as a consequence for violating statute, regulation, and the Massachusetts Sports Wagering Catalog and as a deterrent from letting the same or similar violations occur again.

The Commission has determined that the amount of the fine is appropriate in light of the following considerations. First, the Commission appreciates that MGM proactively audited its prior offerings upon learning of potential noncompliance events at other sportsbooks in the Commonwealth. Upon identifying the noncompliance incident in question, it self-reported to the

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

Commission in a timely fashion. MGM has also worked to ensure that similar noncompliance events will not happen in the future, in particular by reviewing and updating its blacklist, instituting daily audits, periodically reviewing its guidance documentation, and speaking with the sportsbook team.

The noncompliance incident was, however, a serious violation of statute, regulation, and the Massachusetts Sports Wagering Catalog. First, in enacting chapter 23N, the legislature made clear that wagers on Massachusetts collegiate teams not involved in a collegiate tournament are prohibited. That prohibition was in place the day the statute was enacted. Regardless, MGM did not recognize that Harvard had been incorrectly designated as a Connecticut school prior to the start of wagering in the Commonwealth and offered wagering on two separate unauthorized events. Second, neither MGM nor BetMGM identified the noncompliance incident until an audit was requested. Third, a significant number of tickets, twenty-eight, were sold containing wagers on the unauthorized events. Fourth, two of the winning wagers were redeemed by employees at the sportsbook counter. None of the employees recognized that the wagers in question were unauthorized.²

IV. Conclusion

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

SO ORDERED.

MASSACHUSETTS GAMING COMMISSION

By:



Cathy Judd-Stein, Chair

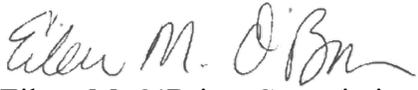


Bradford R. Hill, Commissioner

² While the present decision applies to Category 1 Sports Wagering Operator MGM, the Commission notes that Occupational Licensees, Sports Wagering Vendor Licensees, and Sports Wagering Registrants are also potentially subject to discipline for their actions. 205 CMR 232.



Jordan Maynard, Commissioner



Eileen M. O'Brien, Commissioner



Nakisha L. Skinner, Commissioner

DATED: July 21, 2023