



## NOTICE OF MEETING AND AGENDA

Pursuant to the Massachusetts Open Meeting Law (G.L. c. 30A, §§ 18-25), St. 2022, c. 107, and St. 2023, c. 2, notice is hereby given of a public meeting of the **Massachusetts Gaming Commission**. The meeting will take place:

**Monday | April 29, 2024 | 1:00 p.m.**  
**VIA REMOTE ACCESS: 1-646-741-5292**  
**MEETING ID/ PARTICIPANT CODE: 112 807 8390**  
**All meetings are streamed live at [www.massgaming.com](http://www.massgaming.com).**

Please note that the Commission will conduct this public meeting remotely utilizing collaboration technology. Use of this technology is intended to ensure an adequate, alternative means of public access to the Commission's deliberations for any interested member of the public. If there is any technical problem with the Commission's remote connection, an alternative conference line will be noticed immediately on [www.massgaming.com](http://www.massgaming.com).

All documents and presentations related to this agenda will be available for your review on the morning of the meeting date by visiting our website and clicking on the News header, under the Meeting Archives drop-down.

### **PUBLIC MEETING - #514**

1. Call to Order – Jordan Maynard, Interim Chair
  
2. Sports Wagering Division – Bruce Band, Director of Sports Wagering
  - a. Background and Overview of Caesars and Fanatics KYC processes pursuant to 205 CMR 248.04(4)
    - I. Internal review of Sports Wagering Operators' KYC processes and variance related to Knowledge-Based authentication questions– Crystal Beauchemin, Sports Wagering Business Manager; Cristian Taveras, Gaming Technical Compliance Manager; Kevin Gauvreau, Information and Network Security Manager
    - II. GLI process for KYC – Joe Bunevith, Vice President, Government Relations and Regulatory Affairs
  - b. Fanatics request to use an alternate method of KYC identity authentication at the time of sports wagering account establishment pursuant to 205 CMR 248.04(4) **VOTE**
    - I. Executive Session  
The Commission anticipates that it will meet in executive session in accordance with G.L. c. 30A, § 21(a)(7) and G. L. c. 4, § 7(26)(n) to review



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certain materials in connection with the sports wagering operators' processes and parameters during account creation related to customer verification and authentication, as these matters relate to cyber security in the Commonwealth, and the public disclosure of which is likely to jeopardize public safety or cyber security. **VOTE**

- c. Caesars request to use an alternate method of KYC identity authentication at the time of sports wagering account establishment pursuant to 205 CMR 248.04(4) **VOTE**

I. Executive Session

The Commission anticipates that it will meet in executive session in accordance with G.L. c. 30A, § 21(a)(7) and G. L. c. 4, § 7(26)(n) to review certain materials in connection with the sports wagering operators' processes and parameters during account creation related to customer verification and authentication, as these matters relate to cyber security in the Commonwealth, and the public disclosure of which is likely to jeopardize public safety or cyber security. **VOTE**

3. Commissioner Updates

4. Other Business - Reserved for matters the Chair did not reasonably anticipate at the time of posting.

I certify that this Notice was posted as "Massachusetts Gaming Commission Meeting" at [www.massgaming.com](http://www.massgaming.com) and emailed to [regs@sec.state.ma.us](mailto:regs@sec.state.ma.us). Posted to Website: April 25, 2024 | 1:00 p.m. EST

April 25, 2024



Jordan M. Maynard, Interim Chair

*If there are any questions pertaining to accessibility and/or further assistance is needed, please email [Grace.Robinson@massgaming.gov](mailto:Grace.Robinson@massgaming.gov).*



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**TO:** Interim Chair Jordan Maynard  
Commissioner Eileen O'Brien  
Commissioner Brad Hill  
Commissioner Nakisha Skinner

**FROM:** Crystal Beauchemin, Sports Wagering Business Manager  
Carrie Torrisi, Deputy General Counsel

**DATE:** April 23, 2024

**RE:** Caesars and Fanatics KYC process review pursuant to 205 CMR 248.04(4)

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**EXECUTIVE SUMMARY:**

On April 11, 2024, the Commission approved a temporary waiver for Fanatics and Caesars Sportsbooks, for a period of 90 days to allow time for the Commission to review (in executive sessions) and understand the operators' existing KYC (Know Your Customer) processes; have further discussions with GLI, MGC's ITS and sports wagering divisions about the advancements in KYC; and make a determination as to whether to require the use of KBA (knowledge-based authentication) questions or to approve these and/or other alternate methods of authentication as authorized by 205 CMR 248.04(4).

As previously discussed, 205 CMR 248.04(4) stipulates that the operators' KYC/Account Verification process include "identity authentication questions that require a patron to provide information known only to the patron through security questions" (also known as KBA, or knowledge-based authentication). An operator is not prohibited from using additional methods of account verification, but if an operator wishes to use alternate methods of account verification, those alternate methods must be approved by the Commission.

*205 CMR 248.04: Age and Identity Verification*

*(4) The Sports Wagering Operator shall at the time of account establishment, utilize identity authentication questions that require a patron to provide information known only to the patron through security questions, unless an alternate method of authentication is approved by the Commission.*

Although the industry standard for identity authentication has evolved significantly, and all of our operators use a mix of methods and vendors in their KYC journey that feature enhanced verification processes, these operators require Commission approval solely due to the absence of the traditional knowledge-based authentication questions. Of note, they include Social Security Number (SSN) verification, which GLI has indicated can be defined as "verification questions

known only to the patron” though Commission staff was not confident we had the authority to deem that, alone, a qualifying component of 248.04 (4).

#### **BACKGROUND - FANATICS:**

On June 15, 2023, the Commission voted to finalize the draft of 205 CMR 248 which was promulgated by emergency. The Commissioners then granted a uniform waiver for compliance with 205 CMR 248.04(4) through the regulation’s effective date of September 1, 2023.

Prior to the waiver’s expiration, Fanatics (along with several other operators) submitted a variance request (on August 11, 2023) related to KYC to be reviewed.

All submitted variances to the KYC processes, including Fanatics’, were then reviewed internally by the Sports Wagering team and our ITS team [including Kevin Gauvreau (Information and Network Security Manager) and Cristian Taveras (Gaming Technical Compliance Manager)]. At that time, all parties agreed that Fanatics’ verification process was more advanced than the use of the KBA requirement alone. As such, Fanatics was asked to submit updated Internal Controls reflecting the approval which the internal team provided, and guided Fanatics to proceed with its proposed verification process.

When Fanatics went to deploy their stepped-up KYC on August 31, there were critical technological issues, and they contacted MGC staff asking for an emergency waiver to work on a solution. Emergency waivers were then brought to the Commission by Director Band on September 7, 2023, and the Commission granted the emergency waiver through September 15, 2023, to provide Fanatics the time to fix the issue related to the verification error and relaunch with the approved KYC process. They successfully implemented the stepped-up KYC at 2am on September 14, 2023 and provided the required updated internal controls.

#### **BACKGROUND - CAESARS:**

As part of a compliance review in late January 2024, Sports Wagering staff requested to review Caesars’ KYC process, given they were the only operator who had not previously submitted for a variance when 205 CMR 248.04 (4) went into effect. Caesars responded with their process on February 6, and simultaneously submitted a variance with their response.

Following the previous process, the internal team (Sports Wagering team, MGC Information and Network Security Manager, Gaming Technical Compliance Manager and CIO Jagroop-Gomes) met in late February to review Caesars’ KYC journey, which we had included the legal division in. As a result of the lacking KBA and additional questions which ITS brought up related to concerns about the regulation itself, legal advised that such processes should be reviewed by the Commission in accordance with 205 CMR 248.04(4).

A change management request/release note was put through to the ITS-GTC team regarding a KYC update with a request to expedite in order “to meet a regulatory deadline” by March 29,

2024. The Sports Wagering Division requested that the ITS-GTC team require the release to be held until after the Commission's review, and ITS team agreed to do so.

After further discussion with Caesars, they submitted an amended waiver on April 5, 2024 for Commission review.

**ADDITIONAL BACKGROUND:**

After working on the Caesars' request and discussing it with the legal team, the Sports Wagering team went through all other operators' processes to see which others did not include traditional KBA within their KYC journeys to ensure all were brought forth for the Commission's review and approval.

We also confirmed with GLI that the KYC processes are/were also reviewed by them for validity of functionality. GLI agreed the processes currently used are industry standard or better/more advanced than traditional KBA.

**SUPPORTING DOCUMENTS:**

Due to confidentiality concerns and documentation containing information regarding secure processes and account creation/KYC, we have provided the Commission with the waiver requests, process documentation and additional documents under separate cover.

**CONCLUSION/ RECOMMENDATIONS FOR APRIL 29TH MEETING:**

After review by ITS/GTC and discussions with GLI, the Sports Wagering division recommends approval of both Fanatics' and Caesars' KYC processes as alternate methods pursuant to 205 CMR 248.04 (4).

**RECOMMENDATIONS FOR NEXT STEPS:**

For future discussion/upcoming meetings The ITS team, supported by the Sports Wagering division, recommends that there be discussion to provide greater clarity around the Commission’s KYC considerations, and consider potential review of the regulation as more advanced KYC technology has developed. If the regulation were to remain as it currently stands, it would be helpful to clarify where/what step the KBA requirement should appear in the journey, as that seems to have a significant impact on the entire process. We would also request that it be confirmed whether an SSN would be considered one of the questions “information known only to the patron.”

In addition, we would request the Commission consider delegating similar future KYC review/analysis to the Sports Wagering division who would work with GLI, ITS-GTC and ITS Security to determine if additional methods meet the spirit of the regulation.