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## Massachusetts Gaming Commission Meeting Minutes

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**Date/Time:** January 4, 2023, 10:00 a.m.  
**Place:** Massachusetts Gaming Commission  
VIA CONFERENCE CALL NUMBER: 1-646-741-5292  
PARTICIPANT CODE: 112 343 4030

The Commission conducted this public meeting remotely utilizing collaboration technology. The use of this technology was intended to ensure an adequate, alternative means of public access to the Commission's deliberations for any interested member of the public.

### **Commissioners Present:**

Chair Cathy Judd-Stein  
Commissioner Eileen O'Brien  
Commissioner Bradford Hill  
Commissioner Nakisha Skinner  
Commissioner Jordan Maynard

#### 1. [Call to Order](#) (00:00)

Chair Judd-Stein called to order the 419<sup>th</sup> Public Meeting of the Massachusetts Gaming Commission ("Commission"). Roll call attendance was conducted, and all five commissioners were present for the meeting.

#### 2. [Review And Evaluation Of Application For Category 3 Sports Wagering Operator License Submitted By Penn Sports Interactive, LLC In Accordance With 205 CMR 218.00 Including, But Not Limited To Consideration Of The Following Criteria:](#) (00:54)

##### a. Experience and Expertise related to Sports Wagering (205 CMR 218.06(5)(a))

Commissioner Skinner sought clarification for the reason behind Penn Sports Interactive's ("PSI") withdrawal of an application in Puerto Rico. Head of Penn Interactive ("PI") Benjie Levy stated that a business decision was made relative to the size of the market. He stated that one of PSI's partners was not interested in working in that jurisdiction. Commissioner Skinner asked him to elaborate. Mr. Levy explained that PSI had to decide where to allocate resources, and that the Puerto Rico market was forecasted to be less than fulfilling.

Chair Judd-Stein inquired about PSI's multi-year agreements with its online sports wagering competitors. Mr. Levy stated that these agreements were related to skin partnerships, where PSI provided agreements to offer tethered partnerships. He stated that an example of this was that FBG Enterprises Opco, LLC d/b/a Fanatics ("Fanatics") had applied for a tethered category three sports wagering license connected to Plainridge Park Casino's ("PPC") sports wagering license. He stated that these partnerships provide Penn Entertainment ("Penn") with financial benefits as a result of regulatory schemes in various jurisdictions.

Commissioner Skinner stated that questions throughout PSI's application were answered from Penn's perspective. She stated that the Commission needed to be educated as to what to expect from PSI as an entity. Mr. Levy stated that PSI would respond in its own voice, but that PSI stands upon Penn's shoulders and uses Penn's groundwork and foundation, because PSI is a newer entity.

Commissioner O'Brien stated that she wanted to hear more about Penn's strategic partnership with Barstool Sports ("Barstool") as it related to PSI. She stated that this topic was discussed as it related to Penn and PPC in December, and asked if there was anything different about Barstool's relationship with PSI. Mr. Levy replied that it was the same relationship.

Commissioner Skinner stated that the question about intent to limit participation in any allowable sports events was not answered; and asked that PSI supplement their answer to that section. Mr. Levy stated that he believed the question was answered in the application, but that PSI would offer of a full complement of approved wagering events consistent with what the Commission allows.

The Commission then reached consensus that PSI met the Commission's expectations with regard to Section B of the application.

b. [Economic impact and other benefits to the Commonwealth if applicant is awarded a license \(205 CMR 218.06\(5\)\(b\)\)](#) (14:02)

Commissioner Maynard stated that PSI should open discussions and collaborations with the Massachusetts Lottery, and asked how that relationship would be translated into an online space. He stated that the Commission expected all licensees to have conversations with the Lottery.

Commissioner Hill asked if there were any new jobs proposed for Massachusetts through PSI. Mr. Levy stated that there were job opportunities at PPC and through a game studio operated in Greenfield, Massachusetts. He stated that twenty-seven employees worked at the Greenfield location, creating iCasino content. He noted that the iCasino content was not offered in Massachusetts, but PSI was leveraging that content in four other jurisdictions in the United States. He stated that there were plans to continually invest in PPC and the game studio.

Commissioner Hill stated that the revenue appeared to be largely based on wagering revenue rather than increased employment in the Commonwealth. Mr. Levy stated that as revenue related

to sports wagering it would largely be wagering revenue. He stated that Penn took an omnichannel approach to sports wagering, which has seen significant growth in the core younger demographic. He stated that this benefits the Commonwealth as online players are driven to a physical environment, which would create growth at PPC.

Commissioner Hill noted that a lot of the application referenced PPC's category one application. He stated that community involvement was a priority. He stated that PPC does a phenomenal job at community engagement, and asked PSI to elaborate on their plans for community engagement.

Mr. Levy stated that PSI leverages the great work Penn's retail operations provide to the community and supplements that with additional work with community organizations. He stated that PSI worked with small businesses for its VIP events and grassroots marketing events. He noted that the relationship with the retail property was leveraged, but that PSI stands on its own when engaging with the community. Commissioner Hill expressed that he hoped PSI would continue its efforts in the STEM field in Massachusetts. Mr. Levy highlighted that PSI recruited from universities in Massachusetts, and that PSI had a robust co-op program to bring students in for work terms.

Chair Judd-Stein asked what positions were being hired for the Greenfield offices. Mr. Levy stated that Greenfield employees were software engineers, product designers, and graphic designers for the iCasino products. Chair Judd-Stein stated that this was an opportunity for community engagement, and that employees could be drawn from colleges and universities in Western Massachusetts.

Commissioner Skinner asked if PSI was adding any additional positions in Massachusetts as a result of sports wagering. Mr. Levy stated that PSI operated out of Philadelphia and Toronto. He noted that the positions in Massachusetts would be related to Penn Games Studio and positions related to PPC.

Commissioner Skinner noted that the application did not appear to have a response to Section C (1). Commissioner O'Brien noted that the answer had been included in the recent version of the application within the PDF file in the shared drive.

Commissioner O'Brien stated that she was happy to hear there were jobs available in Greenfield. Chair Judd-Stein requested that PSI report on the employment numbers within the Commonwealth during future quarterly reports. Mr. Levy stated that PSI would report on that.

Commissioner O'Brien, Commissioner Hill, Commissioner Maynard, and Chair Judd-Stein stated that PSI had met their expectations with respect to Section C of the application. Chair Judd-Stein stated that the Commission would return to Commissioner Skinner's opinion once she was able to resolve the technical difficulties and access Section C (1) of the application.

c. [Applicant's willingness to foster racial, ethnic, and gender diversity, equity, and inclusion \(205 CMR 218.06\(5\)\(d\)\)](#) (29:58)

Commissioner O'Brien inquired about the diversity at the Greenfield location. Mr. Levy stated that he did not have the statistics on-hand for the Greenfield location, and that the diversity numbers presented during the prior meeting were for PSI at the national level.

Commissioner O'Brien asked about PSI's response regarding diverse vendors being limited at the national level. Mr. Levy stated that PSI was a technology led business, and that PSI was focused on increasing opportunities in an industry with historic underrepresentation. He stated that PSI was starting to make inroads by leveraging the programs implemented at Penn's properties. He stated that PSI was working with PPC on supplier diversity.

Commissioner Maynard stated that PSI's application did not list any specific goals related to vendor spend. Mr. Levy stated that PSI was still learning and that it was premature to set a dollar or percentage of spend threshold as the industry was changing and evolving. He stated that PSI had engaged a diversity vendor strategist. He stated that PSI intended to grow the amount of diverse spend year-on-year.

Commissioner Maynard stated that he would like to condition the license to require PSI to submit diversity vendor spending goals. He stated that applicants could not be held to a standard without the Commission understanding what their goals were. Mr. Levy stated that PSI could work with the Commission to establish appropriate goals. Commissioner Skinner agreed with Commissioner Maynard. Chair Judd-Stein stated that the state's Operational Services Division might be able to provide PSI with resources that could help in establishing goals.

Commissioner Skinner stated that she would also want PSI to introduce goals relative to diversifying its workforce. Mr. Levy stated that PSI could work with the Commission to establish reasonable goals.

Chair Judd-Stein asked for more detail regarding PSI's corporate governance. Mr. Levy stated that PSI was a wholly owned subsidiary with a nominal board and a small number of senior officers. Chair Judd-Stein asked how many employees PSI had on a nationwide basis. Mr. Levy stated that PSI had approximately 1,200 employees.

Chair Judd-Stein asked how the diversity, equity, and inclusion ("DEI") program was implemented. Penn's Senior Vice President of Regional Operations Justin Carter stated that Penn's diversity team included team members from PI. He stated that the diversity team also had activities specific to PSI. Mr. Levy stated that PI had its own level of DEI work including mentorship, recruitment, and opportunities for growth. He stated that PSI and the retail properties had representation on Penn's diversity committee.

Penn's Senior Vice President of Regional Operations Erin Chamberlain stated that the same process applied to the WLP program which was implemented at both Penn and PSI. General Manager of PPC North Grounsell stated that 27% of PSI's team members identified as diverse, 27% identified as women, 2.5% identified as veterans, and 30% of employees in management positions were women. Commissioner Hill noted that DEI was a big issue for the Commission.

The Commission reached consensus that PSI met the Commission's expectations with regard to Section D of the application.

d. [Proposed measures related to responsible gaming \(205 CMR 218.06\(5\)\(c\)\)](#) (45:18)

Commissioner O'Brien reiterated her concerns about PSI branding through Barstool. She noted that PSI's presentation stated that Penn monitored gambling content posted to social media and asked whether Penn monitored other content put out by Barstool. Mr. Levy stated that the monitoring was focused on gaming content and responsible gaming. He stated that once Penn acquired Barstool in February all content produced by Barstool would be monitored. Commissioner O'Brien asked if monitoring was restricted to gaming content and responsible gaming. Mr. Levy stated that PSI saw most content put out by Barstool, but the most active monitoring was regarding gaming content and the responsible gaming guardrails.

Commissioner O'Brien asked what the role of PayPal was for PSI. Mr. Levy stated that PayPal permitted funding betting accounts. He stated that PSI works with PayPal to restrict secondary funding via credit cards, as required by the statute.

Commissioner O'Brien stated that she wanted the condition that was attached to Penn's license that no one under the age of twenty-one attend live Barstool College Football Shows to be applied to PSI's license.

Chair Judd-Stein sought clarification about Zendesk as a vendor. Mr. Levy stated that Zendesk provided the customer service platform for patrons which included access to responsible gaming tools. He stated that the customer support team could leverage information from Zendesk during patron interactions.

Commissioner Maynard thanked the applicant for the in-depth information related to its promotions style. Chair Judd-Stein expressed appreciation that the application linked to the responsible gaming media programs. She asked if the paid Twitter campaign advertising responsible gaming would be extended. Mr. Levy stated that PSI would continue to invest resources into the creation of responsible gaming content. He stated that the initial trial period was successful, and that PSI would continue to use paid social media advertising for responsible gaming content.

Chair Judd-Stein noted that PSI's marketing budget was lower than other applicants. Mr. Levy stated that PSI used an integrated media and gaming strategy that was different from its competitors' marketing strategies. He explained that PSI relied on more organic content and media integrations.

Chair Judd-Stein asked what innovations could be made to make advertising more organic. Mr. Levy stated that PSI's view was that advertising should be product-led, and that customers should be given a reason to choose to engage with your business. He stated that marketing was supplemental to the product, and that marketing should not be the lead focus.

Commissioner O'Brien asked if PSI tracks which responsible gaming tools are being used and what is working. Mr. Levy stated that patrons were informed of responsible gaming tools during onboarding, frequent email communications, and social channels. He stated that there was a mandatory time check feature. He stated that deposit limits were the most commonly used responsible gaming feature. He stated that there was a balance between providing a wide variety of options to patrons without inundating them with too much choice. Commissioner O'Brien asked if there were statistics related to how many patrons have been enrolled in responsible gaming features. Mr. Levy stated that 10% of users had used a responsible gaming tool, aside from the mandatory check-in which was required for all users.

The Commission reached consensus that PSI met the Commission's expectations with regard to Section E of the application.

e. [Technology that the applicant intends to use \(205 CMR 218.06\(5\)\(e\)\)](#) (59:04)

Chair Judd-Stein stated that portions of Section F and Section G of the application were going to be discussed in executive session. She stated that the explanation regarding suspicious wagering activity was helpful for her. Commissioner Maynard stated that all of his questions relative to Aristotle and Kambi were answered by the applicant.

Chair Judd-Stein asked how Kambi chose not to offer certain events where integrity could not be guaranteed. Mr. Levy stated that lower-level leagues and matches may have integrity concerns related to the underlying event. He stated that due to an abundance of caution based upon information from Kambi's monitoring partners, Kambi may choose not to offer these events.

Chair Judd-Stein asked if the number of offerings listed in PSI's application was average for the industry. Mr. Levy confirmed that was correct. Chair Judd-Stein stated that this information might inform the Commission's thinking about what offerings to approve in Massachusetts.

The Commission reached consensus that PSI met the Commission's expectations with regard to Section F of the application.

f. [Suitability of the applicant and its qualifiers \(205 CMR 218.06\(5\)\(f\)\)](#) (1:03:38)

Commissioner O'Brien reiterated that she had concerns regarding the branding relationship with Barstool, she noted that PSI had branded their sportsbook platform as "Barstool Sportsbook". She stated that she wanted the same conditions that were placed on PPC in December, to cooperate with the Investigation and Enforcement Bureau's ("IEB") investigation without limitations regarding the branding efforts of Barstool in connection with the branding of Penn and PSI. Mr. Levy stated that PSI was willing to have that condition applied. She stated that the rest of her questions were more appropriate to be discussed in executive session. She requested that the Commission enter executive session before reaching a consensus as to whether PSI met the Commission's expectations in regard to this section of the application.

Commissioner Skinner noted that she was all set with Section C of the application. The Commission reached consensus that PSI met the Commission's expectations with regard to Section C of the application.

6. [Executive Session](#) (1:09:41)

General Counsel Grossman stated that the Commission should make clear what issues it wanted to discuss in executive session. He stated that the Commission outlined some issues for executive session at the previous day's meeting. He stated that the first issue was relating to the Indiana matter from September of 2021. He stated that the Commission requested to hear what changes were made to the companies' internal control procedures relate to social media posting and the consequences for operating outside of those controls. He stated that this topic met the standard of being competitively sensitive information that would place the applicant at a competitive disadvantage if discussed publicly.

General Counsel Grossman stated that the second topic was regarding a complaint filed in Illinois He stated that the matter was confidential, and the documents were not subject to public disclosure. He stated that he reviewed the documents and was satisfied that they implicate matters of personal privacy that if discussed publicly would violate the privacy interests of those individuals discussed. He stated that the Commission may discuss this topic in executive session under the exemption found in G.L. c. 30A, § 21(a)(7).

General Counsel Grossman stated that the third topic was related to the financial information related to the evaluations performed by RSM. He stated that the topics for executive session revolved around market share projections, revenue projections, and hold percentages. General Counsel Grossman stated that these topics and a discussion relative to the operation of skin-partner arrangements would fall under G.L. c. 23N, § 6(i) as competitively sensitive information.

General Counsel Grossman stated that the fifth topic for executive session was the branding arrangement PSI has with Barstool as it related to suitability components and marketing practices. He stated that both G.L. c. 23N, § 6(i) and privacy interest exemptions would apply here.

Chair Judd-Stein then read the statement into the record, noting that "the Commission anticipated that it would meet in executive session in conjunction with its review of the Penn Sports Interactive, LLC application in accordance with G.L. c. 30A, § 21(a)(7) and G.L. c. 23N, § 6(i) to consider information submitted by the applicant in the course of its application for an operator license that is a trade secret, competitively sensitive or proprietary and which if disclosed publicly would place the applicant at a competitive disadvantage and/or G. L. c. 4, § 7(26)(c) (the privacy exemption) to consider information submitted in the application materials related to named individuals, the disclosure of which may constitute an unwarranted invasion of personal privacy."



Commissioner O'Brien moved that the Commission go into executive session for the reasons just stated by the Chair and General Counsel on the record. Commissioner Skinner seconded the motion.

*Roll call vote:*

*Commissioner O'Brien: Aye.*

*Commissioner Hill: Aye.*

*Commissioner Skinner: Aye.*

*Commissioner Maynard: Aye.*

*Chair Judd-Stein: Aye.*

*The motion passed unanimously, 5-0.*

Chair Judd-Stein noted that the public session of the Commission meeting would reconvene at the conclusion of the executive session.

*Transcriber's note: Commissioners returned to the public meeting and continued discussions.*

The Commission confirmed its consensus that PSI met the Commission's expectations with regard to Section F of the application. The Commission reached consensus that PSI met the Commission's expectations with regard to Section G of the application, subject to the conditions discussed by the Commission that were previously applied to Penn.

7. [Penn Sports Interactive, LLC license application determination by the Commission in accordance with 205 CMR 218.07](#) (1:32:04)

Chair Judd-Stein asked for General Counsel Grossman to clarify the factors the Commission was to use to evaluate the application. General Counsel Grossman reiterated that the factors the Commission would evaluate would be: the applicant's experience and expertise related to sports wagering; the economic impact and benefits to the Commonwealth; the applicant's proposed measures related to responsible gaming; the description of the applicant's willingness to foster racial, ethnic, and gender DEI; the technology the applicant intends to use in operation; the suitability of the applicant and qualifiers; and any other appropriate factor in the Commission's discretion.

General Counsel Grossman stated a durable finding of suitability could only be awarded if an applicant had been through an adjudicatory proceeding pursuant to 205 CMR 101. He stated that there had not been an adjudicatory proceeding for PSI. He stated that a preliminary finding of suitability may be awarded based upon certifications made by the applicant and within the IEB's report.

General Counsel Grossman asked what conditions were proposed for the license. Commissioner O'Brien stated that she wanted two conditions that mirrored the conditions placed upon Penn's category one license that was awarded in December. She stated that the two conditions were that efforts be made to ensure that all audience members of live Barstool College Football Shows



were twenty-one or older and that PSI and Penn cooperate with the fulsome investigation into Barstool's branding efforts relative to the branding efforts of PSI.

General Counsel Grossman stated that the third condition identified was that the applicant and licensee promptly update the Commission and the IEB relative to any material proceedings including the outcome of the Illinois matter that was discussed in executive session.

Commissioner O'Brien noted that Commissioner Maynard and Commissioner Skinner had proposed a condition requesting PSI's diversity goals. Commissioner Skinner stated that she wanted both diverse suppliers spending goals and employment diversity goals. She noted that another applicant had this condition imposed, and that the language should be kept consistent. Commissioner O'Brien noted that the condition on the other applicant was only relative to supplier diversity. General Counsel Grossman stated that in the written decision the language of the condition would mirror the other applicant's condition.

Chair Judd-Stein stated that the workforce diversity condition and the supplier diversity condition should be separate conditions to be consistent with the other applicants as they were two different requirements. Mr. Levy noted that no other applicants had conditions relative to workforce diversity and asked that the condition be applied to all category three applicants equally. Chair Judd-Stein stated that the distinction was that PSI had no goals set. Commissioner O'Brien stated that other applicants provided goals in their application, and that if the goals were not provided the applicant would be subject to a condition. Commissioner Maynard stated that the Commission did not apply a condition if the question was answered in the application.

General Counsel Grossman stated that a series of automatic conditions were attached to licensure. He stated that whether preregistration could occur might be better addressed by regulation. He stated that the automatic conditions that attach to the license are that: the operator obtain an operations certificate before conducting sports wagering; the operator comply with all terms and conditions of the license and operations certificate; the operator comply with G.L. Chapter 23N and all rules and regulations of the Commission; the operator make all required payments to the Commission in a timely manner; the operator maintain its suitability to hold a sports wagering license; and the operator conduct sports wagering within its approved system of internal controls and in accordance with its approved house rules and 23N, § 10(a).

Commissioner O'Brien moved that the Commission find, based on the application and what was discussed before the Commission both yesterday and today, that the applicant, Penn Sports Interactive d/b/a "Barstool Sportsbook" has shown by substantial evidence that they have satisfied the criteria set forth in G.L. c. 23N, as well as 205 CMR 218.06(5) that the license award would benefit the Commonwealth and lastly, that they have established their qualification for preliminary suitability in accordance with 205 CMR 215.01(2) and 205 CMR 218.07(1) and that the approval be subject to the requirements set forth in G.L. c. 23N, the requirements set forth in 205 CMR 220.01, and subject to the following five conditions:

- (1) that PSI agrees to make efforts that no one under the age of twenty-one attend any of the live Barstool College Football Shows;

- (2) that PSI cooperate fully with the IEB conducting an investigation without limitation of Barstool Sports Inc. in connection with branding for PSI;
- (3) that PSI provides any updates to the IEB relating to the Illinois matter discussed in executive session;
- (4) that PSI provide diversity goals on its supplier spend; and
- (5) that PSI supply diversity goals for workforce.

Commissioner Hill seconded the motion.

*Roll call vote:*

*Commissioner O'Brien: Aye.*

*Commissioner Hill: Aye.*

*Commissioner Skinner: Aye.*

*Commissioner Maynard: Aye.*

*Chair Judd-Stein: Aye.*

*The motion passed unanimously, 5-0.*

The Commission congratulated PSI and thanked PSI's representatives for their time.

8. [Presentation of Application for Category 3 sports wagering operator license submitted by FBG Enterprises Opco, LLC including demonstration of technology and user experience in accordance with 205 CMR 218.06\(3\) \(2:39:25\)](#)

Chair Judd-Stein stated that the Commission's principal responsibility in reviewing the sports wagering applications was to ensure the integrity of the gaming industry in Massachusetts. She stated that the Commission would maintain strict oversight of gaming establishments and sports wagering operators. She stated that awarding a sports wagering license is a privilege and that operators would be held to the highest standards of compliance on a continuing basis. She stated that the Commission's mission permits the creation of a fair, transparent process that engenders the confidence of the public and maximizes the benefits to the Commonwealth.

General Counsel Todd Grossman stated that this meeting was the Commission's opportunity to evaluate the application for a category three sports wagering license submitted by Fanatics. General Counsel Grossman stated that G.L. Chapter 23N, § 6(3) allowed the Commission to issue a category three sports wagering license to any entity that offered sports wagering through a mobile application or platform. He stated that there was a cap of seven category three licenses that could be awarded that were not connected to a category one or two sports wagering license. He stated that this applicant was tethered to Plainridge Park Casino, ("PPC") which was awarded a category one sports wagering license. He noted that only two tethered category three operators could be connected to a category one operator.

General Counsel Grossman stated that 205 CMR 218 set out the application requirements, standards, and procedures. He stated that the regulation sets out factors and considerations for the Commission to analyze in the evaluation process, but that the regulations did not set out a particular order to review factors in or assign particular weight to the factors. He stated that the

Commission may require that the applicant provide additional information or documents the Commission deems appropriate.

General Counsel Grossman noted that the evaluation of this application was being conducted in public and that all deliberations made by the Commission must take place in public. He stated that G.L. Chapter 30A § 21,(a)(7) allowed the Commission to move into executive session to comply with or act under the authority of any general law, such as G.L. Chapter 23N, § 6 (i) regarding competitively sensitive information in the course of the application process. He stated that if the Commission requests competitively sensitive information the applicant could request to move the meeting to executive session.

General Counsel Grossman stated that any finding the Commission makes must be backed by substantial evidence, and that the heightened standard of clear and convincing evidence applied to suitability pursuant to 205 CMR 215.

General Counsel Grossman stated that the factors the Commission would evaluate would be: the applicant's experience and expertise related to sports wagering; the economic impact and benefits to the Commonwealth; the applicant's proposed measures related to responsible gaming; the description of the applicant's willingness to foster racial, ethnic, and gender diversity, equity, and inclusion ("DEI"); the technology the applicant intends to use in operation; the suitability of the applicant and qualifiers; and any other appropriate factor in the Commission's discretion.

General Counsel Grossman stated that the Commission could determine temporary or durable findings of suitability, but that no preliminary finding needed to be entered. He noted that the Commission could use any information received pursuant to G.L. Chapter 23K, G.L. Chapter 128A, G.L. Chapter 128C, or information from other jurisdictions where the operator was authorized to operate. He stated that conditions could be placed on a license pursuant to 205 CMR 220.

General Counsel Grossman stated that the tethered category three sports wagering license did not permit untethered operation. He stated that after a decision was made on the license, a written decision would be prepared and issued to commemorate the Commission's decision. He noted that the operator would require an operations certificate before they could begin sports wagering operations.

Fanatics' Vice President of Regulatory Affairs, Alex Smith, introduced Fanatics' CEO, Matt King, Fanatics' Chief Business Officer, Ari Borod, Fanatics' Chief Product Officer, Scott McClintic, Fanatics' Chief Financial Officer, Andrew Ellis, Fanatics' Chief Marketing Officer, Jason White, and Fanatics' outside counsel from the law firm, Duane Morris, Adam Berger.

Attorney Berger noted that there may be instances in the presentation where Fanatics' representative would request an executive session to discuss matters related to trade secrets, proprietary information, and other competitively sensitive information.

Mr. King stated that Fanatics was a subsidiary of Fanatics Holding Inc. (“FHI”) which also operates Fanatics Commerce and Fanatics Collectibles. He stated that Fanatics was launching its sports wagering platform in quarter one of 2023. He stated that Fanatics intended to be active all major markets by the end of 2023. He stated that Fanatics’ category three sports wagering license application was tethered to PPC’s category one sports wagering license.

Mr. King stated that Fanatics was an innovator in the sports wagering market with experienced leadership and a commitment to responsible gaming. He stated that Fanatics’ parent company FHI ended 2022 with \$2 billion in cash on the balance sheet and very little debt. He stated that FHI was on pace to do north of \$6 billion in revenue for this year.

Mr. King stated that Fanatics had built a diverse team with a lot of experience. He stated that Fanatics’ product was built to scale and powered by AWS. He stated that the platform was engineered to be built to scale and stable for patrons. He stated that Fanatics licensed software from Amelco, which provided sports wagering platforms in seventeen jurisdictions both in the United States and internationally. He stated that Fanatics was working closely with local businesses in the Commonwealth. He stated that Caesars would provide 24/7 support to patrons via chat, text, and voice. Mr. King noted that Fanatics held sports wagering licenses in Maryland and Ohio, with applications pending in five other jurisdictions.

Mr. Borod stated that Fanatics sought a significant market share in Massachusetts that would drive an economic benefit for the Commonwealth through tax revenue. He stated that Fanatics would leverage its brand databases to attract a broader customer base. He stated that Fanatics employed 400 people within Massachusetts, and that FHI provided e-commerce websites for the New England patriots, Boston Red Sox, the Boston Celtics, the Boston Bruins, and the New England Revolution.

Mr. Borod stated that Fanatics had a database of 94 million sports fans including 2 million residents of Massachusetts. He stated that this allowed Fanatics to bring a fan-centric approach to its sports wagering product that catered to its customers’ needs. He noted that Fanatics had customer service available through email, chat, and voice 24/7. He stated that the customer service was currently only provided in English, but that Fanatics endeavored to add multiple languages to fill customers’ needs.

Mr. Borod stated that FHI and its subsidiaries employed 400 people in Massachusetts, with eight working directly for Fanatics. He stated that Fanatics continued to hire remote workers and partner with existing businesses in Massachusetts.

Mr. White explained that marketing responsibility was integral to Fanatics’ business. He explained that Fanatics had adopted best industry practices, included responsible gaming messaging in all marketing materials, did not advertise in areas where the predominant audience was under the age of twenty-one, required marketing affiliates to adhere to content controls, required regular reviews of responsible marketing practices, and removed self-excluded and prohibited patrons from marketing efforts.

Mr. Smith explained that all Fanatics employees received responsible gaming training. He explained that customer-facing employees received enhanced training, and that there were also annual refresher trainings. He stated that Fanatics had a compliance committee and was planning on approving a responsible gaming plan. He stated that there were currently two internal team members on the compliance committee. He stated that Fanatics had dedicated responsible gaming staff and responsible gaming focused data scientists. He stated that Fanatics' platform offered all regulatory required responsible gaming tools and resources.

Fanatics' Lead People Officer, Kristen Lachtman stated that Fanatics was committed to building a diverse and tolerant workplace. She stated that Fanatics leveraged third-party data to expand training, update recruiting practices, and form employee resource groups. She stated that Fanatics created the Inclusion, Diversity, Equality, Advocacy ("IDEA") program.

Ms. Lachtman stated that 48% of Fanatics' employees identified as racially or ethnically diverse and 54% of employees identified as women. She stated that 19% of directors and higher positions were racially or ethnically diverse, and that 33% of employees in director or higher positions were women. She stated that 58% of new hires identified as racially or ethnically diverse and that 51% of new hires were women. She stated that 23,000 of the completed learning and development courses were IDEA related. She stated that all hiring managers received unconscious bias training.

Ms. Lachtman stated that Fanatics included compensation ranges on all job postings to create a more equitable compensation structure throughout the company. She explained that Fanatics hosted two annual DEI summits which provided training, seminars, and the opportunity to provide input. She stated that Fanatics had developed the Fanatics' Ally Network with six employee led resource groups.

Ms. Lachtman stated that FHI prioritized diverse suppliers, and that Fanatics Commerce had increased its diverse spend by 80% between 2020 and 2021. She stated that Fanatics had begun procuring DEI efforts and would establish a baseline to determine how many companies it did business with were diverse. She stated that KPIs would be developed to track this metric. She stated that Fanatics initial target goal was a 3% annual growth in diverse spending company wide. She stated that supplier contracts were being updated to require the organizations commitment to DEI. She stated that Fanatics was using Supplier.io to help build new relationships.

Ms. Lachtman stated that Fanatics was involved with several community engagement initiatives. She stated that Fanatics partnered with the REFORM alliance to transform probation and parole laws, the All-In Challenge to address food insecurity, Make-A-Wish, and the 2022 Special Olympics Games.

Mr. McClintic stated that all of Fanatics' vendor partners had experience with sports wagering. He explained that Fanatics was using Amelco for its sports wagering platform, GLI for testing, GeoComply for geolocation services, Socure for know-your-customer services, and Paysafe for payment processing. He stated that Amelco's system was previously certified by GLI and was in

use in several U.S. markets. He stated that Fanatics received data feeds from SportRadar, Genius Sports, IMG Arena, and Stats Perform. He stated that Fanatics used AWS cloud services and Optimove for marketing.

Mr. Berger requested that any product demonstration be done in executive session as Fanatics had yet to launch its sports wagering platform publicly. He stated that many of the platform's unique features had not been seen outside of Fanatics' internal company. He stated that the platform was competitively sensitive and appropriate for executive session.

9. [Executive Session](#) (3:50:32)

Chair Judd-Stein asked if it was appropriate to enter executive session at this juncture. General Counsel Grossman stated that the request on its face would meet the standard set out in G.L. c. 23N, § 6(i). Chair Judd-Stein asked if Fanatics' platform was presented for its Maryland or Ohio license. Mr. Berger stated that neither jurisdiction required a public hearing with a demonstration. He stated that this would be the first time Fanatics' product was seen outside of internal channels. He stated that the look, feel, and operation of the sports wagering platform were proprietary trade secrets.

General Counsel Grossman stated that an executive session would be appropriate, and that if anything did not fall into that category, the Commission could return to the public session. Commissioner O'Brien asked if any information was public in the five jurisdictions where Fanatics had submitted applications. Mr. Berger stated that the information had not been shared publicly with any jurisdiction.

Chair Judd-Stein reminded the Commission of a timing limitation requiring the meeting to end at 3:30. The Commission reached consensus to end this session of the public meeting and continue with the product demonstration in executive session at the public meeting to be held on January 5, 2023.

10. [Other Business](#) (4:04:01)

Hearing no other business, Chair Judd-Stein requested a motion to adjourn.

Commissioner O'Brien moved to adjourn. The motion was seconded by Commissioner Hill.

*Roll call vote:*

*Commissioner O'Brien: Aye.*

*Commissioner Hill: Aye.*

*Commissioner Skinner: Aye.*

*Commissioner Maynard: Aye.*

*Chair Judd-Stein: Aye.*

*The motion passed unanimously, 5-0.*

**List of Documents and Other Items Used**

1. [Notice of Meeting and Agenda dated December 28, 2022](#)