

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF LOTTERY AND GAMING**

IN THE MATTER OF Grand Central, LLC, Class B Sports Wagering Operator License No. SW21CLB0001)))))))	Matter No. 23-0030
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**AGREED UPON FINDINGS OF FACT, CONCLUSIONS
OF LAW AND CONSENT ORDER**

**I.
INTRODUCTION**

The Office of Lottery and Gaming (“Office”) has determined, and Grand Central, LLC (“Grand Central”) agrees, that grounds exist to assess a fine against Grand Central, pursuant to the Sports Wagering Lottery Amendment Act of 2018 (“Sports Wagering Act”).

**II.
JURISDICTION**

The Executive Director of the Office has jurisdiction over this matter pursuant to D.C. Official Code § 36-601.03, 36-601.06, 36-621.02, 36-621.14 and D.C. Mun. Regs. tit. 30, § 2132.

**III.
FINDINGS OF FACT**

(1) Grand Central holds a valid Class B Sports Wagering Operator License (License No. SW21CLB0001) issued by the Office.

(2) At all times since its initial licensure on August 26, 2021, Grand Central has been subject to the District of Columbia’s sports wagering laws, administrative rules and other requirements imposed by the Office.

(3) On October 6, 2022, the Office conducted a compliance inspection of Grand Central's Sports Wagering operations and internal controls. During the inspection, the Office observed several Minimum Internal Control Standard (MICS) violations.

(4) On October 12, 2022, the Office requested documentation and surveillance footage pertaining to the violations observed during the Office's October 6, 2022, compliance inspection. On December 8, 2022, Grand Central provided the Office with all requested documentation and surveillance footage.

(5) *Observation 1:*

(a) On October 1, 2022; October 2, 2022; and October 6, 2022, the Office observed a Grand Central Sports Wagering Manager, during business hours and in the presence of patrons, removing stackers from the Self Service Betting Terminals (SSBT), opening the stackers, removing cash and vouchers from the stackers while standing at the SSBT, and then reinserting the stackers. This Sports Wagering Manager collected cash and vouchers from each stacker in a cash bag and then brought the cash bag to Grand Central's count room.

(b) The Office's Rules required Grand Central to develop Internal Controls. D.C. Mun. Regs. tit. 30, § 2108. Grand Central's Internal Controls require a Security/Surveillance Officer ("SSO") to escort a Sports Wagering Manager ("SWM") to the SSBT; the SWM must use a key to open the outer access door to the SSBT and then remove the locked cash box (that requires its own key to access) from the SSBT; the SSO must then escort the SWM and the locked cash box to the count room; the SWM must then obtain the cash box key and unlock the cash box; the SWM and SSO must then count and

verify the contents of the cash box and each must sign or initial the cash slip which should describe the fill by denomination; the deposit should then be placed into a bank bag along with the original cash slip and locked; the SWM should then secure the count room and return the cash box to the SSBT. The actions by the SWM were a violation of MICS 14.5.

(6) *Observation 2:*

(a) From October 2, 2022 through October 6, 2022, the Office observed Grand Central Sports Wagering Manager(s) performing Cage functions as well as Sports Wagering functions during multiple shifts. The Office observed every Grand Central Sports Wagering Manager cancelling tickets they wrote, reconciling their own cashier tills, performing the drop and count, and writing and cashing tickets.

(b) The Office's MICS and Grand Central's Internal Controls provide that Grand Central shall keep all the Sports Wagering functions and Cage functions segregated, in accordance with MICS' "Segregation of Duties." Specifically, "[t]here shall be a separation of duties to ensure that no individual or group has overall control without oversight. [Grand Central] shall set very clear work responsibilities in order to minimize mistakes, limit liabilities, and increase the amount of separation between related duties. Internal controls must ensure that duties are adequately segregated and monitored to detect procedural errors and to prevent the concealment of fraud." MICS 3.1.

(7) *Observation 3:*

(a) Grand Central submitted 64 count sheets to the Office for review. Of the 64 count sheets that the Office reviewed, seven (7) count sheets were missing occupational license numbers of the ticket writer opening the Ticket Writer Terminal ("TWT") shift; one (1) count sheet was missing the signature of the ticket writer opening the TWT for the

shift; thirty-nine (39) count sheets were missing the occupational license numbers of the ticket writer closing the TWT for the shift; eighteen (18) count sheets were missing the signature of the ticket writer closing the TWT for the shift; fifty-one (51) count sheets were missing the Sports Wagering Manager's signature; and fifty-two (52) count sheets had missing, illegible, or incorrect information in miscellaneous fields (i.e., ticket writer name, ticket window, etc.).

(b) The Office's MICS require that each ticket writer and main bank cashier must prepare a Sports Wagering Count Sheet on each shift that includes: "a. [r]ecording the amount of inventory in the betting window or bank; b. [r]econciling the total closing inventory with the total opening inventory; and c. [r]ecording the signature and employee occupational license number of the: i. [o]utgoing ticket writer or main bank cashier; and ii. [i]ncoming ticket writer or main bank cashier." MICS 13.3.5.

(8) *Remediation Efforts:*

(a) The Office recognizes that Grand Central is making efforts to retrain and reeducate its Sports Wagering staff on the proper procedure for handling the collection of currency cassettes and stackers from SSBTs, employee segregation of duties, and ticket writer reconciliation of assets and documents to make sure that future violations do not occur.

(b) Grand Central has provided the Office with remedial measures it will take to prevent further violations of the Office's MICS.

(c) The Office also notes Grand Central's cooperation during the Office's investigation into the aforementioned violations.

IV.
Conclusions of Law

(1) Pursuant to D.C. Official Code § 36-621.02(b)(1), the Office developed MICSs that apply to licensed Sports Wagering Operators and their Management Service Providers. The Office requires Sports Wagering Operators and their Management Service Providers to submit and ensure compliance with the MICS. MICS 1.0.

(2) Section 2108.1(b) of the Office’s Rules provide that, “Operators and Management Services Providers shall, in accordance with Section 307 of the Act: [d]evelop system requirements and specifications for internal controls according to industry standards and implement the requirements and specifications as required by the Office.” D.C. Mun. Regs. tit. 30, § 2108; *see also* MICS 1.0 (“The MICS are designed to provide a basic framework for Licensees to establish and maintain an Internal Control System (internal controls). It is the Licensee’s responsibility to assure that their internal controls comply with the MICS. Licensees must establish procedures that meet or exceed the requirements as set forth in the MICS.”)

(3) MICS 14.5.1 requires Grand Central to establish Internal Controls and to implement procedures to ensure that currency cassettes and stackers are securely removed from SSBTs on a daily basis, unless otherwise agreed to by OLG. Based upon Findings of Fact (section III (5)), although Grand Central established Internal Controls and procedures pursuant to MICS 14.5.1, Grand Central failed to comply with its established Internal Controls and procedures for securely removing stackers from SSBTs.

(4) Based upon Findings of Fact (section III (5)), Grand Central violated MICS 14.5.1(h) which requires a Cage function member, in the presence of a Security Function member, to securely complete a cash box count and drop by (1) unlocking the cabinet housing the stackers, (2) removing the stackers and placing the removed stackers into a secured cart and inserting empty

stackers into reject bins, (3) locking the cabinets housing the stackers; and (4) transporting the secured cart to a count room or other location approved by OLG for the count and drop.

(5) Based upon Findings of Fact (section III (6)), Grand Central violated MICS 3.1 which requires a clear separation of duties between the Sports Wagering function (set forth in MICS 3.3.8) and Cage function (set forth in MICS 3.3.9).

(6) Based upon Findings of Fact (section III (7)), Grand Central violated MICS 13.3.5 which requires each ticket writer and main bank cashier to prepare a “Sports Wagering Count Sheet” on each shift that includes: (1) recording the amount of inventory in the betting window or bank; (2) reconciling the total closing inventory with the total opening inventory; and (3) recording the signature and employee occupational license number of the (i) outgoing ticket writer or main bank cashier and (ii) incoming ticket writer or main bank cashier.

V. CONSENT ORDER

Based upon the forgoing Findings of Fact and Conclusions of Law

- (1) It is **ORDERED** that Grand Central pay a fine of \$5,000.
- (2) It is further **ORDERED** that Grand Central pay the \$5,000 fine to the Office within thirty (30) business days of the date of issuance of this Order in a manner prescribed by the Office.
- (3) It is further **ORDERED** that in consenting to the fine, Grand Central agrees to waive its rights to request a hearing with the Office of General Counsel pursuant to D.C. Mun. Regs. tit. 30, § 2135 or to appeal this Order pursuant to D.C. Official Code § 36-621.14(b).
- (4) It is further **ORDERED** that this matter is now **CLOSED**.

ISSUED this ____ day of May, 2023
5/2/2023

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Frank Suarez
Executive Director

AGREED AS TO FORM AND SUBSTANCE:

Grand Central, LLC

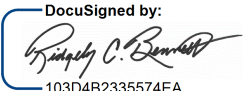
By: 
(signature)

Printed Name: Brian Vasile

Title: Owner

Date: 4/30/2023


Office of Lottery and Gaming

By: 
(Signature)

Printed Name: Ridgely C. Bennet

Title: Chief Counsel

Date: 5/1/2023

By: 
(Signature)

Printed Name: Peter S. Alvarado

Title: Director of Regulation and Oversight

Date: May 1, 2023