



GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer
Office of Lottery and Gaming



INTERPRETIVE GUIDANCE

Number: 24-001

Subject: **Sports Wagering Supplier licensing requirements** Under 30 DCMR § 2104.2

Issue Date: November 8, 2023

Summary

The Office of Lottery and Gaming (“Office”) is issuing interpretive guidance to clarify licensing requirements applicable to individuals and entities providing security and surveillance services at Class A or B sports wagering facilities. On December 2, 2019, the Office began accepting applications for, among other categories, sports wagering suppliers. At the time, the Office did not require licensing of entities providing sports wagering security and/or surveillance services. However, occupational licensing was required of the individuals providing the aforementioned services at an Office licensed sports wagering facility.

After evaluation, the Office has decided to require entities, including corporations, partnerships, limited liability companies, sole proprietorships, or any other type of organization that provides security or surveillance services at a sports wagering facility to be licensed as a supplier. Security and surveillance are critical functions of a sports wagering operation and warrant licensing to ensure the Office has appropriate oversight of suitability through licensing and ongoing compliance monitoring. Individuals, regardless of their employer, whose job duties include security and or surveillance services will still be required to obtain an occupational license.

The Office understands there are existing unlicensed entities providing security and/or surveillance services at sports wagering facilities. To facilitate compliance, an implementation schedule is outlined below on the effective date of the interpretative guidance contained herein.

The Rule

30 DCMR § 2104.2 states the following: “An individual, group of individuals or entity that seeks to sell or lease sports wagering equipment, software, systems, data or ***services relating to the conducting of sports wagering, as determined by the Office***, shall obtain a Supplier License from the Office.” Emphasis added.

Issue

Whether § 2104.2 requires a Supplier License for individuals or entities providing sports wagering security or surveillance?

Authority

The Sports Wagering Lottery Amendment Act of 2018, effective May 3, 2019, (D.C. Law 22-312; 66 DCR 1402)¹ (“Act”) which legalized sports wagering in the District of Columbia (“District”) designated the Office as the regulator of privately-operated sportsbooks. The Office was further granted broad rulemaking authority² to issue rules and regulations to implement the Act and ensure compliance oversight of sports wagering in the District. Exercising this authority, the Office is issuing the guidance contained herein to clarify § 2104.2.

Background

Section § 2104.2 gives the Office discretion to determine whether individuals or entities providing sports wagering related services requires a supplier license. With no prior history of regulating sports wagering, the Office, based on what was known at the time, decided to not require supplier licensing for certain types of services, including security and surveillance. The Office took the approach to evaluate the need for supplier licensing based on the facts and circumstances once sports wagering operations were underway.

After more than three years since approving the first privately operated sports book, the Office is in a better position to evaluate whether certain types of services provided to sports wagering operators and management service providers (“MSPs”) require supplier licensure.

Analysis

Retail sports wagering facilities deal primarily in cash transactions and are vulnerable or potential targets to robbery, burglary, and other related crimes. During a period covering July 2020 through September 2023, private operators accepted over \$250 Million in cash. Some operators had to increase security staff due to the volume of customers, many of whom were carrying large amounts of cash. In addition, the security staff is responsible for security in the transportation and/or movement of cash within public and/or secure areas at sports wagering facilities. Until recently, operators were not allowed to accept cashless payments for sports wagers at retail establishments. While the change to acceptance of cashless payments may decrease the flow of cash, overall retail sports wagering facilities primarily accept cash for wagers.

In conjunction with security, surveillance staff also performs a critical function. Through camera and physical observations, they monitor all activity within a sports wagering facility including

¹ The Act amended the Law to Legalize Lotteries, Daily Numbers Games, and Bingo and Raffles for Charitable Purposes in the District of Columbia, effective March 10, 1981, (D.C. Law 3-172; D.C. Official Code §§ 36-601.06-641.21).

² D.C. Official Code §§ 36-601.06 and 621.02

public betting space and secure “back of house” operations such as cage and money count rooms. The surveillance staffs alert security of incidents as well as identify suspicious activity that may require reporting to the Office, the Metropolitan Police Department, and/or federal government.

The risk posed by the aforementioned requires some assurance that those providing security and/or surveillance at sports wagering facilities are suitable for these roles. Requiring a sports wagering supplier license will provide reasonable assurance that an entity or individuals are suitable to provide security and/or surveillance services and ensure ongoing compliance with District laws, regulations, and standards imposed by the Office. This determination is consistent with security and surveillance requirements imposed by gaming regulators throughout the country.

For the reasons noted above, the Office has determined that suppliers of security and surveillance services to sports wagering operators and MSPs are required to obtain a Supplier License. In addition, all personnel serving in a security or surveillance function at a sports wagering facility must be occupationally licensed.

Effective Schedule

The Office is aware some companies are currently providing security and/or surveillance services at sports wagering facilities. Subject to the following schedule, they may continue to provide such services:

- Companies currently providing security and/or surveillance services must submit a completed Sports Wagering Supplier License application together with a \$10,000 application fee by June 30, 2024;
- Companies with a contract to provide security or surveillance services at a sports wagering facility, but is pending licensing approval of a sports wagering operator or MSP, must submit a Sports Wagering Supplier License application with a \$10,000 application fee within three months of the start of operations at sports wagering facility; and
- Companies without an executed contract cannot provide security and/or surveillance services at a sports wagering facility unless they have been licensed by the Office as a Sports Wagering Supplier.

Conclusion

For the foregoing reasons, the Office shall require Sports Wagering Supplier licensure of entities providing security and/or surveillance services at sports wagering facilities in the manner described herein.