



Memorandum

Date: July 15, 2024

To: All Sports Wagering Class B Licensees

From: Peter S. Alvarado, Director *Peter Alvarado*
Regulation and Oversight Division
Office of Lottery and Gaming

In re: Temporary Administrative Relief: Waiver of the Office of Lottery and Gaming's
Minimum Internal Control Standards (MICS)

Summary

The increased competition in the District of Columbia ("District") sports wagering market has adversely impacted sports wagering Class B operators. The Sports Wagering Amendment Act 2024, if approved, will pose further challenges to Class B operators. In addition, the District sports wagering market has also experienced increasing competition from neighboring jurisdictions in Virginia and Maryland. The impact has been a decline in Handle and GGR over the past few months, resulting in two of the five Class B operators suspending operations in May 2024.

Administrative Relief was requested by certain Class B operators in a joint letter ("Class B Letter") issued to the Office of Lottery and Gaming ("OLG"). The OLG considered the issues raised in the Class B Letter and is hereby issuing a temporary waiver with respect to certain MICS requirements.

To provide some administrative relief, the security and ticket writer requirements will be temporarily waived for six months, at which time they will be re-evaluated. This waiver will not pose an unreasonable risk to the District or the public. Class B operators are hereby granted a temporary waiver of security and ticket writer requirements as outlined in the bold sections highlighted below:

The MICS and temporary, six-month waiver

21.3.1 The following MICS sections shall be waived or modified as further described:

- a. **Security and Surveillance:** Sections 3.3.6 and 3.3.7 require one person, independent of any other functions, to provide security and surveillance services. ***A Class B operator may opt, after providing OLG their security and surveillance plan, not to have a person assigned continuously to security and***

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surveillance functions. However, camera and video coverage requirements will not change, nor will the retention period of video footage. If no one is assigned these functions, a trained manager must review, within 24 hours, the video footage from the prior 24 hours for potentially suspicious activity and identification of security issues. All other requirements of Sections 3.3.6 and 3.3.7 remain in force.

- d. Ticket Writer: Class B operators may choose, at their discretion, to replace the ticket writer function with a general cashier. The general cashier's functions will be to redeem or cash-winning sports wagering tickets and perform related cash handling procedures outlined in Section 13. The general cashier is not authorized to accept wagers. All wagers will solely be accepted through Kiosks or mobile apps if authorized. A general cashier must obtain an occupational license from the OLG. Multiple individuals may function as the general cashier, including the sportsbook manager. The general cashier also has the following responsibilities:**
- i. They must ensure that anyone presenting a winning ticket for redemption is at least 18 years of age.**
 - ii. If required by rule or internal policy, they are responsible for obtaining from players valid identification and, if applicable, a social security number for potential filings of reports with FinCEN and OLG.**
 - III. Consistent with Section 13, each general cashier must record all transactions they conduct.**
- e. Class B operator will be required to notify, within 48 hours, the OLG in a form specified by OLG when:**
- I. Daily payouts to players exceed \$10,000.**
 - II. Daily sales (handle) exceed \$25,000.**
- f. Sections 21.3.1(a), (d), and (e) are effective July 22, 2024, and valid for six months, unless otherwise determined by OLG. After six months OLG will reassess its applicability. Those wanting to avail themselves of waivers described in subsections (a), (d), and (e) must notify the OLG using a change of operations form that includes their updated security and surveillance plan.**



Change of Operations Request Form

Operators and Management Service Providers shall request from the Office of Lottery and Gaming, Regulation and Oversight Division, any changes to their application within ten (10) business days of the change. Type or print (in ink) all information requested on this form. If additional space is needed, please note response on a separate sheet of paper. Send this completed form to: swreports@dc.gov

Licensee: _____

License #: _____

License Expiration Date: _____

Business/Facility Address: _____

Filing Date: _____

Effective Date of Amendment(s): _____

Email: _____

Check appropriate reason(s) for filing below:

Change within the facility: security and surveillance plan (e.g., installation and maintenance of security equipment and surveillance system, storage of equipment, security company/personnel, key control, physical access matrix, server room, cash routes, etc.)

Change of sources of data used to resolve sports wagers (e.g., type of wager and method of data collection)

Change of any feature that allows a user to manually input or override of any wager transaction (remote sports wagering system)

Change to system's risk management framework (e.g., firewall, information security program, access controls for personnel, anti-money laundering program, change to the Geolocation system)

Change of sports wagering equipment and system software used in conjunction with operations (e.g., kiosk, ticket writer terminals, internet and mobile sports wagering system, data feed, betting platform, payment processing, etc.)



Change of internal controls for all aspects of sports wagering (e.g., retail sportsbook operations, mobile APP operations, remote sportsbook wagering operations, house rules, etc.)

Any other changes to the application (e.g., change in ownership/key personnel, entity name change, business mergers, joint ventures, acquisitions, stock sale/purchase, new or terminated agreements, institutional investors, etc.)

Briefly describe below the nature of the change and/or steps taken to remedy a deficiency (attach additional pages, if needed).

Pursuant to D.C. Official Code § 22-2405, a person commits the offense of making false statements if that person willfully makes a false statement that is in fact material, in writing, directly or indirectly, to any instrumentality of the District of Columbia government, under circumstances in which the statement could reasonably be expected to be relied upon as true. Any person convicted of making false statements shall be fined not more than the amount set forth in D.C. Official Code § 22-3571.01 or imprisoned for not more than 180 days, or both.

Authorized Person Signature & Date

Authorized Person Printed Name & Position

OFFICE USE ONLY

Authorized OLG Representative Signature & Date

Authorized OLG Representative Printed Name