



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



EXECUTIVE DIRECTOR ORDER

Order Number: 24-S-008.10

Subject: Order Requiring American Wagering, Inc. d/b/a Caesars Sportsbook to Provide Sports Wagering Kiosks to Licensed Lottery Sports Wagering Retailers

Issue Date: 9/9/2024

Effective Date: 9/9/2024

Authority: D.C. Official Code §§ 36-601.06; Subtitle R of title VII of the Fiscal Year 2025 Budget Support Emergency Act of 2024 (D.C. Act 25-506, § 7172(g), 71 DCR 8406; D.C. Code § 36-621.11); and 30 DCMR § 2136

Amends: 20-S-008

Supersedes: N/A

- (1) American Wagering, Inc. d/b/a Caesars Sportsbook (“Caesars”) holds a Class A Sports Wagering Caesars license issued by the Office of Lottery and Gaming (“Office”).
- (2) Subtitle R of title VII of the Fiscal Year 2025 Budget Support Emergency Act of 2024 (D.C. Act 25-0506) (“Sports Wagering Amendment Act of 2024”) gives the Executive Director the authority to require a Class A and Class C sports wagering licensee to provide sports wagering kiosks at Office licensed lottery/sports wagering retail locations.
- (3) Pursuant to the Sports Wagering Amendment Act of 2024, the Executive Director **ORDERS** Caesars to provide a minimum of one (1) fully functional sports wagering kiosk to each of the currently Office licensed lottery/sports wagering retailers (up to 53 retailers) by September 15, 2024, or as soon as commercially practical thereafter to allow for a smooth transition from Intralot’s GambetDC sports wagering kiosks to Caesars sports wagering kiosks; provided that the fully functional Kiosks shall be deployed and turned on no later than October 1, 2024, subject to circumstances with third parties outside of Caesars’ control. In addition, Caesars may provide and install one (1) point-of-sale terminal (“POS”) for cashing sports wagering tickets at each Office licensed lottery/sports wagering retailer that requests a unit. A POS is not mandatory for each Office licensed lottery/sports wagering retailer. Following the initial delivery of the sports wagering kiosks, Caesars may provide and install additional sports wagering kiosks to select Office licensed lottery/sports wagering retailers based on where business volumes warrant additional equipment.
- (4) Caesars shall provide the sports wagering kiosks pursuant to the following provisions:

- (a) Caesars shall be the exclusive licensee providing sports wagering kiosks to the above referenced Office licensed lottery/sports wagering retailers throughout the initial term of its Class A Sports Wagering Caesars license.
- (b) Caesars shall provide all sports wagering software, pricing, trading and risk management services in connection with the operation of Caesars' sports wagering kiosks.
- (c) The Office shall receive forty percent (40%) of Gross Gaming Revenue. For purposes of this Order, Gross Gaming Revenue is defined to be total amount wagered by customers (i.e., handle for events occurring in the reported period) less total winnings paid out to customers from the operation of the sports wagering kiosks in the reported period.
- (d) Caesars shall pay retailer commissions of (i) 2.5% for sports betting retail sales, (ii) 0.5% for sports betting winnings cashed at retail locations licensed by the Office, and (iii) one percent (1%) of verified cash deposits made to Caesars mobile wagering accounts in the District at retail locations licensed by the Office, which shall be paid by Caesars via funds retained by the Office licensed lottery/sports retailers. Office shall be responsible to sweep funds collected by the Office licensed lottery/sports wagering retailers from the Caesars sports wagering kiosks, minus the Retailer commissions to the Office licensed lottery/sports wagering retailers. Office shall transfer to Caesars the balance of the sports betting retail sales and cash deposits, minus the Office's share of Gross Gaming Revenue and the Retailer commissions on a monthly basis within 30 days of the end of each calendar month.
- (e) The Office shall pay retailer commissions of (i) 2.5% for sports betting retail sales and (ii) 0.5% for sports betting winnings cashed at retail locations licensed by the Office.
- (f) In the event that payout exceeds handle in any given month, Caesars shall be responsible for one hundred percent (100%) of all amounts settled to customers from the operation of the sports wagering kiosks that exceed the handle for the month.
- (g) Caesars shall be responsible for assuming all expenses of operating the sports wagering kiosks, including, but not limited to, the following:
 - (i) Hardware, terminals, and equipment;
 - (ii) Telecommunications network and equipment;
 - (iii) Software development consistent with Caesars sports wagering kiosks at other Caesars Class A locations and maintenance;
 - (iv) Customer service center (Hotline);
 - (v) Player bonusing;

- (vi) Retailer consumables (i.e., ticket paper and other necessary supplies related to the operation of Caesars' sports wagering kiosks);
 - (vii) Retailer training;
 - (viii) Tax reporting, withholding and related matters required by the Internal Revenue Service and other taxing authorities associated with payments on winning sports wagering tickets, as required by law;
 - (ix) Advertising, marketing, signage point of sale materials, and promotional materials, at Caesars' discretion; and
 - (x) Additionally, Caesars shall provide financial reports and files in a form and format reasonably specified by the Office and at times specified by the Office. Caesars shall notify the Office of any financial adjustments within seven (7) days of the closing of the previous period; provided that the financial reports submitted to the Office by Caesars shall be sufficient to conduct sweeps of retailer accounts and allow OLG to account for all sports wagering transactions that occur at lottery/sports wagering licensed retail locations.
- (h) Caesars shall provide transaction data and/or files necessary for the Office to conduct weekly bank account sweeps of lottery sports wagering retailers. The transaction data and/or files shall be submitted at times specified by the Office, and in a form and format specified by the Office.
- (i) Caesars shall take reasonable measures to prevent fraudulent activity on its sports wagering platform. The following guiding principles establish a minimum standard which Caesars must meet with respect to fraud prevention:
- (i) Take every reasonable step to identify, assess and manage the risks linked to sports wagering fraud in connection with the operation of Caesars' sports wagering kiosks;
 - (ii) Train Office licensed lottery/sports wagering retailers to identify illegal wagering and sports wagering fraud in connection with the operation of Caesars' sports wagering kiosks;
 - (iii) Conduct regular needs-assessments to verify compliance with existing legislation of District of Columbia and Federal regulations to help prevent illegal wagering and/or sports wagering fraud in connection with the operation of Caesars' sports wagering kiosks;
 - (iv) At regular intervals, verify that all parties involved in the sports wagering operations are aware of, and trained in, their role in preventing illegal wagering and sports wagering fraud in connection with the operation of Caesars' sports wagering kiosks;

- (v) Establish definitive parameters and processes for combating illegal wagering and sports wagering fraud in connection with the operation of Caesars' sports wagering kiosks;
 - (vi) Help identify, define and report any conduct, or pattern of unusual or suspicious behavior, in relation to illegal wagering and sports wagering fraud in connection with the operation of Caesars' sports wagering kiosks;
 - (vii) Support investigations into potential offenses related to illegal wagering and sports wagering fraud in connection with the operation of Caesars' sports wagering kiosks;
 - (viii) Provide Office fraud investigators and prosecutors with the necessary resources and support to enable them to perform their work related to illegal wagering and sports wagering fraud in connection with the operation of Caesars' sports wagering kiosks; and
 - (ix) Provide the Office with internal and external investigative fraud reports in connection with the operation of Caesars' sports wagering kiosks.
- (j) Caesars shall implement and adhere to FinCEN and accepted AML protocols, practices and procedures that are designed to prevent unlawful activity, as these are incorporated and followed within Caesars's risk management protocol and provide the Office with necessary data, indicating possible money laundering activity, partially or in full to the Office. Caesars shall conduct its AML responsibilities in conformance with the following requirements:
- (i) Caesars shall perform its obligations in conformity with high ethical standards and in compliance with all applicable laws and regulations.
 - (ii) Caesars shall have effective training programs to ensure that their staff is well informed with respect to all applicable AML procedures, including training in the identification of unusual or suspicious transactions.
 - (iii) Caesars shall file Suspicious Activity Reports with FinCEN in accordance with 31 CFR § 1021.320 and a copy of filing, or an appropriate substitute, shall be provided to the Office's designated representative on AML matters.
 - (iv) Caesars shall file Currency Transaction Reports with FinCEN in accordance with 31 CFR § 1021.311 and a copy of filing, or an appropriate substitute, shall be provided to the Office's designated representative on AML matters.
 - (v) Caesars shall provide to the Office's designated representative on AML matters reports of unusual activity that it decided did not meet the criteria of suspicion. These types of reports are often referred to as Non-SAR or No-SAR cases.

- (vi) Caesars shall provide to the Office's designated representative on AML matters internal and external independent audit reports on the effectiveness of their AML program relative to District of Columbia operations.
- (k) All sports wagering transaction and player data shall remain the exclusive property of Caesars; provide that the sports wagering transaction and player data must be maintained by Caesars for a minimum of five (5) years. Upon reasonable written notice, the Office shall have the right to access the sports wagering transaction and player data for audit and administrative purposes.
- (l) The sports wagering kiosks shall be branded "Caesars Sportsbook."
- (m) Caesars shall have final decision making on wagering limits and player tracking requirements in connection with the operation of Caesars' sports wagering kiosks.
- (5) Office shall sweep bank deposited cash from Caesars' sports wagering kiosks at all Office licensed lottery/sports wagering retailers using Office's current processes.
- (6) Office shall ensure that the Office licensed lottery/sports wagering retailers shall satisfy the following responsibilities:
 - (a) Provide suitable space for at least one (1) sports wagering kiosk;
 - (b) If desired by the Office licensed lottery/sports wagering retailer, cash winning tickets under six hundred dollars (\$600);
 - (c) Monitor the sports wagering kiosk to prevent underage gaming;
 - (d) Require that lottery/sports wagering retailers provide surveillance of the sports wagering kiosk and access to video surveillance of the sports wagering transactions as requested by Caesars within two (2) business days of the request;
 - (e) Remove cash from the sports wagering kiosk in a secure manner and in compliance with relevant Office regulations; and
 - (f) Replace ticket paper in the sports wagering kiosk, perform basic troubleshooting of the sports wagering kiosk, and promptly contact Caesars customer service if a sports wagering kiosk is not functioning properly.
- (7) **IT IS FURTHER ORDERED** that the minimum age for sports wagering under this Order shall be twenty one (21) years of age.
- (8) **IT IS FURTHER ORDERED** that winning tickets of more than six hundred dollars (\$600) and vouchers must be cashed at the Caesars Sportsbook at Capital One Arena.
- (9) **IT IS FURTHER ORDERED** that non-payment of funds owed to Caesars by the Office shall be deemed to be an adverse enforcement action or fine subject to appeal D.C. Code § 36-621.14 and 30 DCMR § 2135.

- (10) **IT IS FURTHER ORDERED** that all Caesars Sportsbook sports wagering kiosks shall be operated in accordance with all applicable provisions of Section 4 of 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 §§ 36-601.01 *et seq.*, as amended by the Sports Wagering Amendment Act of 2024), and all applicable provisions of Title 30 of the District of Columbia Municipal Regulations.

ISSUED 9/9/2024

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Vlasenko, Eugene (EUG)
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Eugene Vlasenko
Interim Executive Director