

The Virginia Lottery

In the Matter of Betfair Interactive, LLC
Docket No. 2021-08-01

SETTLEMENT AGREEMENT

Pursuant to Article 2 of Chapter 40 of Title 58.1 of the Code of Virginia (“Va. Code”), § 58.1-4030, *et seq.* (“Sports Betting Law”), and Virginia Administrative Code 11VAC5-70-120H, the Executive Director (“Director”) of the Virginia Lottery (“Lottery”) and Betfair Interactive, LLC d/b/a Fan Duel (“Fan Duel”) wish to resolve this matter without a formal administrative hearing. Accordingly, the parties recite the following facts and make the following agreements:

BACKGROUND

The Director and Lottery staff, through regulations adopted by the Virginia Lottery Board (“Board”), regulate the operation of Virginia’s legal sports betting program, and are responsible for authorizing qualified persons to offer legal sports betting within the Commonwealth of Virginia and for ensuring that the operation of sports betting platforms is conducted legally. Va. Code §§ 58.1-4007, 58.1-4031; 11VAC5-70.

If a permit holder violates a provision of the Sports Betting Law, a regulation promulgated by the Board, or a directive of the Lottery or the Director, the Director is authorized to, after a hearing, take action against a permit holder that may include suspension or revocation of the sports betting permit and levying a civil penalty for each violation. Va. Code § 58.1-4035; 11VAC5-70-120B. The Director may impose these sanctions on a permit holder for violations committed by the permit holder’s principals, suppliers, vendors, or employees. 11VAC5-70-120D. The Director may also determine that is in the best interest of the

Commonwealth of Virginia to reach an agreed-upon settlement with a permit holder to resolve a violation. 11VAC5-70-120H.

Fan Duel was issued a sports betting permit by the Director on January 20, 2021, to operate a sports betting platform in the Commonwealth and began accepting wagers through its platform on that day.

Following Fan Duel's immediate self-report on the problem and through a series of conversations during August 2021, the Lottery informed Fan Duel of the Lottery's determination that Fan Duel had allegedly violated the Sports Betting Law and the Lottery's related regulations with respect to responsible gaming during the month of June 2021. The Lottery specified during these conversations the violations for which the Director is proposing a settlement amount. The Lottery has asserted that these actions violated the Sports Betting Law and the regulations promulgated thereunder, and that these actions were sanctionable.

Fan Duel has taken corrective measures to ensure future compliance with the Sports Betting Law and its related regulations.

The parties agree to the following terms and conditions as a means of resolving the captioned alleged violations.

TERMS AND CONDITIONS

1. This Settlement Agreement is being entered into as a means of settling the alleged violations and avoiding the potential expense and inconvenience of a formal hearing.
2. There has not been a formal finding as to the merits of the allegations. This Settlement Agreement does not constitute an allegation, an admission, or a denial by either party that a violation of law or regulation has occurred.

3. Upon execution of this Settlement Agreement by both parties and no later than 10 days after, Fan Duel shall remit payment of \$10,000 to the Lottery for deposit into the Commonwealth's General Fund, and shall donate \$10,000 to the Virginia Council on Problem Gambling or other responsible gambling program that has been approved for this donation by the Department.
4. Upon receipt of payment from Fan Duel and evidence of its donation, the Director will close these matters.
5. Fan Duel will continue to take appropriate measures to ensure future compliance with the Sports Betting Law and its related regulations.
6. If Fan Duel violates a term of this Settlement Agreement, the Director may impose a sanction or penalty on Fan Duel for violating the Agreement or for the underlying violations, or both.
7. By entering into this Settlement Agreement, Fan Duel waives all rights to administrative or judicial review of these alleged violations pursuant to 11VAC5-70-120H.
8. This Settlement Agreement extends only to those alleged violations occurring during April 2021 through June 2021 and that were referenced in the Lottery's discussions with Fan Duel. If the Lottery subsequently discovers additional facts of a material and substantial nature involving any of those incidents, and said facts constitute additional alleged violations, the Lottery may pursue such additional alleged violations. Fan Duel may dispute such additional alleged violations.
9. This Settlement Agreement constitutes the entire agreement between the parties. No prior or subsequent understandings, agreements, or representations, oral or written that

are not specified or referenced within this document will be valid provisions of this Settlement Agreement.

10. This Settlement Agreement may not be modified, supplemented, or amended, in any manner, except by written agreement signed by the parties.

IN WITNESS WHEREOF, the parties have signed this Settlement Agreement as set forth below:

Date: 8.25.21



Kevin Hall
Executive Director
Virginia Lottery

Date: 8.24.21



Carolyn Renzin
Chief Risk and Compliance Officer
Betfair Interactive, LLC