

The Virginia Lottery

In the Matter of Digital Gaming Corporation VA, LLC

Docket No. 2023-08-01

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 Digital Gaming Corporation VA, LLC (“Digital”) 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.

On November 24, 2021, the Director issued Digital a permit to operate a sports betting platform in the Commonwealth. Digital's platform began accepting wagers in Virginia during May 2022.

In May 2023, Digital notified the Lottery that Digital's supplier had erroneously distributed communications regarding account technology issues and account creation to several thousand people in Virginia, including six individuals on the Lottery's Self-exclusion List and another 94 individuals who either were on Digital's internal self-exclusion list or in a "cooling off" period. Separately, in June 2023, Digital notified the Lottery that Digital's trading partner, although a wholly-owned subsidiary of the same parent company of Digital, was not properly registered with the Lottery as a sports betting vendor and had been performing the functions of a vendor.

Subsequent to these self-reports, the Lottery informed Digital of the Lottery's concern that these facts allegedly violated the Sports Betting Law and the Lottery's related regulations. The Lottery specified 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.

Digital 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.

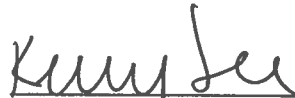
TERMS AND CONDITIONS

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, Digital shall remit payment of \$20,000 to the Lottery for deposit into the Commonwealth's General Fund.
4. Upon receipt of payment from Digital, the Director will close these matters.
5. Digital will continue to take appropriate measures to ensure future compliance with the Sports Betting Law and its related regulations.
6. If Digital violates a term of this Settlement Agreement, the Director may impose a sanction or penalty on Digital for violating the Agreement or for the underlying violations, or both.
7. By entering into this Settlement Agreement, Digital 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 that were referenced in the Lottery's discussions with Digital. 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. Digital 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: 8/8/2023



Kelly T. Gee
Executive Director
Virginia Lottery

Date: 8/7/2023



Bruce A. Watermeyer
(Interim) President
Digital Gaming Corporation VA, LLC