

RACING AND GAMING COMMISSION[491]

Adopted and Filed

Rulemaking related to proceedings, wagering, and fantasy sports contests

The Racing and Gaming Commission hereby amends Chapter 4, “Contested Cases and Other Proceedings,” Chapter 13, “Sports Wagering,” and Chapter 14, “Fantasy Sports Contests,” Iowa Administrative Code.

Legal Authority for Rulemaking

This rulemaking is adopted under the authority provided in Iowa Code sections 99D.7, 99E.3 and 99F.4.

State or Federal Law Implemented

This rulemaking implements, in whole or in part, Iowa Code chapters 99D, 99E and 99F.

Purpose and Summary

Items 1 through 5 and 7 clarify the administrator’s authority in proceedings.

Item 6 clarifies the types of licensees to which the rules are applicable.

Item 8 enhances licensee requirements for messaging to applicants/customers with regard to underage wagering and account sharing.

Item 9 enhances licensee requirements with regard to identifying and preventing wagering by prohibited persons and enhances reporting requirements by the licensee with regard to account sharing.

Items 10 and 14 enhance licensee requirements for account verification at registration.

Item 11 enhances responsibilities of licensees to detect potential fraudulent or suspicious activity.

Item 12 fixes a cross-reference issue caused by amendments in Item 10.

Item 13 adds a requirement of annual testing for geolocation system auditing.

Item 15 enhances licensee requirements with regard to identifying and preventing wagering by prohibited persons.

Item 16 enhances licensee requirements for messaging to applicants/customers with regard to underage wagering and account sharing.

Public Comment and Changes to Rulemaking

Notice of Intended Action for this rulemaking was published in the Iowa Administrative Bulletin on September 20, 2023, as **ARC 7070C**. A public hearing was held on October 10, 2023, at 9 a.m. at the Commission Office, Suite 100, 1300 Des Moines Street, Des Moines, Iowa. No one attended the public hearing.

Comments were received by several stakeholders, and information was gathered from the Iowa Bankers Association. Item 12 and proposed new paragraphs 14.8(5)“b” and “c” within Item 17 were not adopted due to the comments received by those parties. Subsequent items and paragraphs within subrule 14.8(5) were reorganized. Additional changes from the Notice were incorporated that did not significantly change the meaning or intention of these amendments in Items 6, 8 through 11, 15, and 17 (15 and 17 were renumbered as 14 and 16 herein).

Adoption of Rulemaking

This rulemaking was adopted by the Commission on January 25, 2024.

Fiscal Impact

This rulemaking has no fiscal impact to the State of Iowa.

Jobs Impact

After analysis and review of this rulemaking, no impact on jobs has been found.

Waivers

Any person who believes that the application of the discretionary provisions of this rulemaking would result in hardship or injustice to that person may petition the Commission for a waiver of the discretionary provisions, if any.

Review by Administrative Rules Review Committee

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rulemaking by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rulemaking at its [regular monthly meeting](#) or at a special meeting. The Committee's meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

Effective Date

This rulemaking will become effective on March 27, 2024.

The following rulemaking action is adopted:

ITEM 1. Amend rule 491—4.1(17A) as follows:

491—4.1(17A) Scope and applicability. This chapter applies to contested case proceedings conducted by the racing and gaming commission. The chapter shall also apply to gaming boards' and board of stewards' proceedings and gaming representatives' or administrator's designees' actions.

ITEM 2. Amend rule 491—4.4(99D,99E,99F), catchwords, as follows:

491—4.4(99D,99E,99F) Gaming representatives and administrator's designees—licensing and regulatory duties.

ITEM 3. Amend paragraphs **4.4(2)“a”** and **“b”** as follows:

a. A ~~gaming representative shall make a~~ referral to the gaming board shall be in writing. The referral shall make reference to rules or statutory provisions at issue and provide a factual basis supporting the violation.

b. The gaming representative or the administrator's designee making the referral to the gaming board, or a designee of the gaming board, shall appear before the gaming board at the hearing to provide any information requested by the board.

ITEM 4. Amend subrule 4.4(7) as follows:

4.4(7) The gaming representative or the administrator's designee shall have other powers and duties set forth in the statutes and rules, and as assigned by the administrator.

ITEM 5. Amend subrule 4.5(3) as follows:

4.5(3) The gaming board, upon receipt of a referral, may review the referral prior to the hearing. The gaming board may return a referral to the initiating gaming representative or the administrator's designee on its own motion prior to hearing if the information provided appears insufficient to establish a violation.

ITEM 6. Amend subrule 4.5(9) as follows:

4.5(9) The gaming board has the power to interpret the rules and to decide all questions not specifically covered by them. The board has the power to determine all questions arising with reference

to the conduct of gaming, and sports wagering and fantasy sports contests and the authority to decide any question or dispute relating to racing, ~~or gaming, sports wagering or fantasy sports contests~~ in compliance with rules promulgated by the commission or policies approved for licensees, and persons participating in licensed racing or gaming agree in so doing to recognize and accept that authority. The board may also suspend the license of any license holder when the board has reasonable cause to believe that a violation of law or rule has been committed and that the continued performance of that individual in a licensed capacity would be injurious to the best interests of racing or gaming.

ITEM 7. Amend subrule 4.5(13) as follows:

4.5(13) Informal settlements. A licensee may enter into a written stipulation representing an informed mutual consent with a gaming representative or the administrator's designee. This stipulation must specifically outline the violation and the penalty imposed. Stipulations must be approved by the gaming board. Stipulations are considered final agency action and cannot be appealed.

ITEM 8. Amend subrule 13.2(4) as follows:

13.2(4) Public notice.

a. The public shall have access to the sports wagering rules, available wagers, odds or payouts, the payout period, and the source of the information used to determine the outcome of a sports wager. All licensees and advance deposit sports wagering operators shall require participants to follow the rules of play. The sports wagering rules shall be:

~~a.~~ (1) Displayed in the licensee's sports wagering area.

~~b.~~ (2) Posted on the ~~internet~~ Internet site or mobile application used to conduct advance deposit sports wagering.

~~c.~~ (3) Included in any terms and conditions disclosure statements of the advance deposit sports wagering system.

b. During account setup and login, advance deposit sports wagering operators shall display the following information on any interface that accepts wagers:

(1) Account sharing is prohibited.

(2) Persons under the age of 21 are prohibited from wagering.

(3) Any other disclosures, as required by the administrator.

ITEM 9. Amend subrule 13.2(7) as follows:

13.2(7) Internal controls. Licensees and advance deposit sports wagering operators shall submit a description of internal controls to the administrator. The submission shall be made at least 30 days before sports operations are to commence unless otherwise approved by the administrator. All internal controls must be approved by the administrator prior to commencement of sports operations. The operator shall submit to the administrator any changes to the internal controls previously approved at least 15 days before the changes are to become effective unless otherwise directed by the administrator. It shall be the affirmative responsibility and continuing duty of each licensee and advance deposit sports wagering operator and their employees to follow and comply with all internal controls. The submission shall include controls and reasonable methods that provide for the following:

a. To prohibit wagering by coaches, athletic trainers, officials, players, or other individuals who participate and persons employed in a position with direct involvement with coaches, athletic trainers, officials, players or other individuals who participate in an authorized sporting event in which wagers may be accepted. Licensees shall demonstrate the capability, subject to review and approval by the administrator, to prevent prohibited persons from wagering on events on which they are not allowed to wager by implementing one of the following:

(1) Organize and maintain a list of prohibited persons.

(2) Participate in a third-party association or group that organizes and maintains a list of prohibited persons.

b. To prohibit wagering by persons who are employed in a position with direct involvement with coaches, players, athletic trainers, officials, athletes or participants in an authorized sporting event in which wagers may be accepted identify and suspend accounts opened by individuals on behalf of persons under the age of 21.

c. No change.

d. To promptly report to the commission, in a format approved by the administrator, any abnormal wagering activity or patterns that may indicate a concern about the integrity of an authorized sporting event or events, and any other conduct with the potential to corrupt a wagering outcome of an authorized sporting event for purposes of financial gain, including but not limited to match fixing, and suspicious or illegal wagering activities, including the use of funds derived from illegal activity, wagers to conceal or launder funds derived from illegal activity, use of agents to place wagers, account sharing, or use of false identification. Integrity-monitoring procedures shall also provide for the sharing of information with other licensees, other governing authorities, and accredited sports governing entities by participating in an integrity-monitoring association or group or by another method as approved by the administrator.

e. to i. No change.

ITEM 10. Amend subrule 13.5(2) as follows:

13.5(2) Account registration. A person must have an established account in order to place advance deposit sports wagers. The process for establishing an account is subject to the administrator's approval. An account may be established through on-site registration under procedures previously approved by the administrator, or through remote registration. To establish an account, an application for an account shall be signed or otherwise authorized in a manner approved by the administrator and shall include the applicant's full legal name, principal residential address, date of birth, last four digits of the social security number, and any other information required by the administrator. The account registration process shall also include:

a. No change.

b. ~~Player verification of legal name, physical address, and age to correctly identify account holders.~~ An applicant verification process that includes an exact match of the following:

(1) Date of birth, including month, date and year of birth.

(2) The last four digits of the social security number.

(3) Last name.

c. An applicant verification process that permits a flexible match by allowing the following:

(1) First name may include nicknames and abbreviations.

(2) Address may include abbreviations.

d. Authentication of identification by:

(1) Answering knowledge-based questions based on the applicant's public or private data; or

(2) Verifying that device ID and phone number match the applicant's publicly known data; or

(3) Comparing of valid government-issued ID to applicant's picture taken at time of account registration; or

(4) Another method as approved by the administrator.

e. e. Verification that the ~~player~~ applicant is not on the statewide self-exclusion list set forth in Iowa Code section 99F.4(22) prior to establishing an account.

d. f. Availability and acceptance of a set of terms and conditions that is also readily accessible to the player before and after registration and noticed when updated. Notices shall include, at a minimum, the following:

(1) to (5) No change.

e. g. Availability and acceptance of a privacy policy that is also readily accessible to the player before and after registration and noticed when updated and that includes, at a minimum, the following:

(1) to (4) No change.

f. h. If an advance deposit sports wagering operator has an agreement with more than one licensee, the advance deposit sports wagering operator shall submit an agreement to the administrator that indicates the manner in which customer net receipts shall be assigned with its licensee partners. The agreement shall include all partnering licensees and their respective qualified sponsoring organizations, and the net receipts shall be allocated using one of the following methods:

(1) to (4) No change.

The agreement shall be made available for public inspection.

ITEM 11. Amend paragraphs **13.5(3)“b”** and **“e”** as follows:

b. Location detection procedures to reasonably detect and dynamically monitor the location of a player attempting to place any wager or perform other account activities as identified by the advance deposit sports wagering operator or licensee, related to an Iowa authorized account. Account activity-based location detection controls shall be informed by industry best practices and any commission guidelines for the detection of fraud of other unauthorized or illegal activity. The advance deposit sports wagering operator or licensee shall utilize and monitor geolocation activity to detect potential fraudulent and suspicious activity, which shall be reported in accordance with paragraph 13.2(7)“d.” A player outside the permitted boundary attempting to make a wager shall be rejected, and the player shall be notified. The confidence radius shall be entirely located within the permitted boundary.

e. Authentication for ~~log in through a username and password login~~ using a multifactor authentication process or other secure alternative means as authorized by the commission. After successful login, multifactor authentication will need to be performed at least every 14 days for each unique device. Processes for retrieving lost usernames and passwords shall be available, secure, and clearly disclosed to the player. Players shall be allowed to change their passwords.

ITEM 12. Amend subrule 13.5(7) as follows:

13.5(7) *Expiration or termination of an Iowa Code section 99F.7A operating agreement.* In the event an advance deposit sports wagering operating agreement between a licensee under Iowa Code section 99F.7A and another entity expires, terminates, or is no longer valid, notice of termination must be given to the commission and all customers affiliated with the licensee. A customer shall be given an opportunity to close an account. If the advance deposit sports wagering operator has an operating agreement with other licensees in the state of Iowa, the customer shall have the option to select another partner licensee to which their net receipts shall be assigned, or the customer’s net receipts shall be assigned to any remaining partner licensees in accordance with an agreement submitted to the administrator pursuant to paragraph ~~13.5(2)“f.”~~ 13.5(2)“h.”

ITEM 13. Amend subrule 13.6(3) as follows:

13.6(3) *Annual testing.*

a. No change.

b. A geolocation system and integrity test shall be performed annually on the advance deposit wagering system.

(1) The testing organization must be independent of the licensee and the licensed geolocation vendor and shall be qualified by the administrator.

(2) The geolocation test shall be completed and the results submitted no later than March 31 of each year.

(3) Geolocation testing shall review existing licensee procedures for detecting and reporting fraudulent activity associated with any account activity detected by the geolocation system, and shall recommend updates to those procedures to align with any current or updated industry standard or commission guidance.

~~*b. c.*~~ At the discretion of the administrator, additional assessments or specific testing criteria may be required.

ITEM 14. Amend subrule 14.7(2) as follows:

14.7(2) ~~Customer verification of legal name, physical address and age to correctly identify account holders.~~

a. A customer verification process shall include an exact match of the following:

(1) Date of birth, including month, date and year of birth.

(2) The last four digits of the social security number.

(3) Last name.

b. A customer verification process shall permit a flexible match by allowing the following:

(1) First name may include nicknames and abbreviations.

(2) Address may include abbreviations.

- c. A customer verification process shall authenticate identification by the following:
- (1) Answering knowledge-based questions based on the applicant's public or private data; or
 - (2) Verifying that device ID and phone number match the applicant's publicly known data; or
 - (3) Comparing a valid government-issued ID to a photo of the applicant taken at the time of account registration; or
 - (4) Another method as approved by the administrator.

ITEM 15. Amend paragraph **14.8(1)“c”** as follows:

c. Restriction of entries from coaches, officials, athletes, contestants, or other individuals who participate in a game or contest that is the subject of an internet fantasy sports contest in which the outcome is determined, in whole or in part, by the accumulated statistical results of a team of individuals in the game or contest in which they participate. Licensees shall demonstrate the capability, subject to review and approval by the administrator, to prevent prohibited persons from participating in contests in which they are not allowed to participate by implementing one of the following:

- (1) Organize and maintain a list of prohibited persons.
- (2) Participate in a third-party association or group that organizes and maintains a list of prohibited persons.

ITEM 16. Amend subrule 14.8(5) as follows:

14.8(5) *Operating requirements.* A fantasy sports contest service provider shall ensure the following:

a. to f. No change.

g. Authentication for login using a multifactor authentication process or other secure alternative means as authorized by the commission. After successful login, multifactor authentication will need to be performed at least every 14 days for each unique device. Processes for retrieving lost usernames and passwords shall be available, secure, and clearly disclosed to the player. Players shall be allowed to change their passwords.

h. During account setup and login, fantasy sports contest service providers shall display the following information on any interface that accepts fantasy sports contest entries:

- (1) Account sharing is prohibited.
- (2) Persons under the age of 21 are prohibited from entering fantasy sports contests.
- (3) Any other disclosures, as required by the administrator.

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EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 2/21/24.