



Common Sense Initiative

Mike DeWine, *Governor*
Jon Husted, *Lt. Governor*

Joseph Baker, *Director*

MEMORANDUM

TO: Andromeda Morrison, Ohio Casino Control Commission

FROM: Caleb White, Business Advocate

DATE: August 6, 2024

RE: CSI Review – Sports Gaming Accounts Amendments (OAC 3775-16-03)

On behalf of Lt. Governor Jon Husted, and pursuant to the authority granted to the Common Sense Initiative (CSI) Office under Ohio Revised Code (ORC) section 107.54, the CSI Office has reviewed the abovementioned administrative rule package and associated Business Impact Analysis (BIA). This memo represents the CSI Office's comments to the Commission as provided for in ORC 107.54.

Analysis

This rule package consists of one amended rule proposed by the Ohio Casino Control Commission (Commission). This rule package was submitted to the CSI Office on March 7, 2024, and the public comment period was held open through March 21, 2024. Unless otherwise noted below, this recommendation reflects the version of the proposed rule filed with the CSI Office on March 7, 2024.

Ohio Administrative Code (OAC) 3775-16-03 establishes the requirements for both sports gaming proprietors and patrons as they relate to sports gaming accounts. This rule is amended to change multi-factor authentication for deposit enabled accounts such as online accounts or digital wallets from an option to a requirement if the sports gaming proprietor utilizes such an account.

During early stakeholder outreach, the Commission sent the proposed rules to industry stakeholders for feedback, including casino operators, sports gaming proprietors, vendors, and service providers. The Commission received eleven comments during this period which largely suggested implementing a timeframe for when patrons would be required to complete a multi-factor authentication. The Commission elected not to make this change as this change could leave accounts vulnerable to security incidents. During the CSI public comment period the Commission received two comments, one from DraftKings and one from Bet 365. DraftKings requested the rule to be

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amended to allow for different methods of multi-factor authentication. The Commission responded that the different methods of multi-factor authentication proposed by DraftKings would be allowed under the rule as currently proposed and elected not to amend the rule. Bet 365 requested the rule be amended to extend the timeframe of when multi-factor authentication is to be performed to fourteen days after a successful login. The Commission elected not to make this change and stated that the change would undermine the public purpose in seeking a rule change and expose Ohio consumers to unnecessary risk.

The business community impacted by the rule includes anyone authorized to conduct sports gaming in Ohio such as sports gaming proprietors, employees, service providers, and suppliers. The adverse impacts created by the rule include the costs associated with meeting the requirements surrounding identity verification and security. The Commission states that the cost of meeting these requirements will vary based on the business, the types of accounts the proprietor allows, and the procedures used to meet the requirements. The Commission states that the adverse impacts are necessary to ensure the integrity of sports gaming by licensing, regulating, investigating, and penalizing those involved in sports gaming in a consistent manner.

Recommendations

Based on the information above, the CSI Office has no recommendations on this rule package.

Conclusion

The CSI Office concludes that the Commission should proceed in filing the proposed rule with the Joint Committee on Agency Rule Review.