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2 A BILL
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5 IN THE COUNCIL OF THE DISTRICT OF COLUMBIA
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10 To amend, on an emergency basis, the Law to Legalize Lotteries, Daily Numbers Games, and
11 Bingo and Raffles for Charitable Purposes in the District of Columbia to authorize sports
12 wagering in the District of Columbia.

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14 BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this
15 act may be cited as the “Sports Wagering Lottery Emergency Amendment Act of 2018”.

16 Sec. 2. The Law to Legalize Lotteries, Daily Numbers Games, and Bingo and Raffles for
17 Charitable Purposes in the District of Columbia, effective March 10, 1981 (D.C. Law 3-172;
18 D.C. Official Code § 3-1301 *passim*), is amended as follows:

19 (a) Section 3 (D.C. Official Code §§ 22-1716 through 22-1718) is designated as Title I.
20 LOTTERIES AND GAMBLING GENERAL LEGALIZATION.”.

21 (b) Section 4 (D.C. Official Code §§ 3-1301 through 3-1337) is designated as Title II.
22 LOTTERIES AND GAMBLING GENERALLY.”.

23 (c) The newly designated Title I is amended as follows:

24 (1) Section 3 (D.C. Official Code § 22-1716) is amended by striking the phrase
25 “and Monte Carlo night parties,” and inserting the phrase “Monte Carlo night parties, and sports
26 wagering,” in its place.

27 (2) Section 3 (D.C. Official Code § 22-1717) is amended as follows:

28 (A) Strike the phrase “Lottery and Charitable Games Control Board;
29 bingo,” and insert the phrase “Office of Lottery and Gaming, including bingo,” in its place.

30 (B) Strike the phrase “regulated by the District of Columbia Lottery and
31 Charitable Games Control Board” and insert the phrase “regulated by the Office of Lottery and
32 Gaming, or sports wagering regulated, licensed, or operated by the Office of Lottery and
33 Gaming.” in its place.

34 (3) Section 3(a) (D.C. Official Code § 22-1718(a)) is amended as follows:

35 (A) Strike the phrase “hereof, and the sale” and insert the phrase “the sale”
36 in its place.

37 (B) Strike the phrase “hereof.” and insert the phrase “or the sale, lease,
38 purchase, or possession of tickets, slips, certificates, or cards for sports wagering excepted and
39 permissible pursuant to § 22-1717.” in its place.

40 (d) The newly designated Title II is amended as follows:

41 (1) Section 4 (D.C. Official Code § 3-1301) is amended as follows:

42 (A) Subsection (a) is amended by striking the phrase “and Charitable
43 Games” and inserting the phrase “and Gaming ” in its place.

44 (B) Subsection (b) is amended by striking the phrase “and Charitable
45 Games” and inserting the phrase “and Gaming ” in its place.

46 (C) Subsection (c) is amended to read as follows:

47 “(c) For the purposes of this act, the term:

48 “(1) “Board” means the District of Columbia Lottery and Charitable Gaming
49 Control Board established by this section.

50 “(2) “CFO” means the Chief Financial Officer of the District of Columbia.

51 “(3) “Gross sports wagering revenue” means the total of cash or cash equivalents
52 received from sports wagering minus the total of:

53 “(A) Cash or cash equivalents paid to players as a result of sports
54 wagering;

55 “(B) Cash or cash equivalents paid to purchase annuities to fund prizes
56 payable to players over a period of time as a result of sports wagering;

57 “(C) The actual cost paid by the license holder for any personal property
58 distributed to a player as a result of sports wagering, excluding travel expenses, food,
59 refreshments, lodging, and services.

60 “(4) “Office” means the Office of Lottery and Gaming established by this section.

61 “(5) “Operator” means an individual, group of individuals, or entity that holds a
62 sports wagering operator license issued by the District.

63 “(6) “Sports governing body” means the governing body for a sports league that
64 is registered with the Office, including, if registered, Major League Baseball, Major League
65 Soccer, National Basketball Association, National Football League, National Hockey League,
66 and the Women’s National Basketball Association.

67 “(7) “Sports wagering” means accepting wagers on sporting events, or a portion
68 of a sporting event, or on the individual performance statistics of an athlete in a sporting event or

69 combination of sporting events, including single-game bets, teaser bets, parlays, over-under,
70 moneyline, pools, exchange wagering, in-game wagering, in-play bets, proposition bets, straight
71 bets, or other means by a system or method of wagering, including in-person or over the internet
72 through websites or on mobile devices. The term does not include any fantasy or simulated game
73 or contest such as fantasy sports in which (1) participants own, manage, or coach imaginary
74 teams; (2) all prizes and awards offered to winning participants are established and made known
75 to participants in advance of the game or contest; (3) the winning outcome of the game or contest
76 reflects the relative skill of the participants and is determined by statistics generated by actual
77 individuals, including athletes in the case of sporting events; and (4) no winning outcome is
78 based solely on the performance of an individual athlete or on the score, point spread, or any
79 performances of any single real-world team or any combination of real-world teams.

80 “(8) “Sports wagering equipment” means a mechanical, electronic, or other
81 device, mechanism, or other gaming equipment, and related supplies used or consumed in the
82 operation of sports wagering at a licensed sports wagering facility including, a self-service
83 terminal installed to accept sports wagers.

84 “(9) “Sports wagering facility” means a gaming premises approved under a sports
85 wagering license on which an operator may offer sports wagering, and which may be a building
86 or set of buildings or a subsection or subdivision of a single building, room, or set of rooms
87 within a building.

88 “(10) “Operator license” means a sports wagering operator license issued by the
89 Office that authorizes the operation of sports wagering, including sports wagering conducted

90 over the internet or through mobile applications or other digital platforms that is initiated and
91 received, or otherwise made, exclusively within the physical confines of the single approved
92 sports wagering facility. .

93 “(11) “Wager” means the betting, staking, or risking by an individual, group of
94 individuals, or entity of something of value upon an agreement or understanding that the
95 individual, group of individuals, or entity or another individual, group of individuals, or entity
96 will receive something of value in the event of a certain outcome. The term “wager” does not
97 include:

98 “(A) An activity governed by the securities laws of the United States or
99 the District of Columbia;

100 “(B) A contract of indemnity or guarantee;

101 “(C) A contract for insurance; or

102 “(D) Participation in a game or contest in which the participants do not
103 stake or risk anything of value other than personal effort in playing the game or contest or
104 obtaining access to the internet, points, or credits that the sponsor of the game or contest provides
105 to participants free of charge and that can be used or redeemed only for participation in games or
106 contests offered by the sponsor.”.

107 (2) Section 4 (D.C. Official Code § 3-1303) is amended by adding a new
108 subsection (c) to read as follows:

109 “(c) To obtain a sports wagering license, the Office may require fingerprinting of
110 the individual, or group of individuals, seeking to obtain a sports wagering license.”.

111 (3) Section 4 (D.C. Official Code § 3-1305) is amended striking the phrase “or
112 Monte Carlo night party” wherever it appears and inserting the phrase “Monte Carlo night party,
113 or sports wagering” in its place.

114 (4) Section 4(a) (D.C. Official Code § 3-1306(a)) is amended by striking the
115 phrase “enterprises; for insuring” and inserting the phrase “enterprises; for auditing the books
116 and records of sports wagering licensees; for insuring” in its place.

117 (5) Section 4 (D.C. Official Code § 3-1309) is amended by striking the phrase
118 “and Monte Carlo Night parties,” and inserting the phrase “Monte Carlo Night parties, and
119 authorized sports wagering,” in its place.

120 (6) Section 4 (D.C. Official Code § 3-1312) is amended as follows:

121 (A) The heading is amended read as follows:

122 “Section 2-2512. Lottery, Charitable Games, and Sports Wagering Fund.”.

123 (B) Subsection (a) is amended by striking the phrase “Lottery and Charitable
124 Games Fund” and inserting the phrase “Lottery, Charitable Games, and Sports Wagering Fund”
125 in its place.

126 (C) Subsection (c) is amended by striking the phrase “District of Columbia.”
127 and inserting the phrase “District of Columbia or as otherwise directed by this act.”

128 (7) Section 4(a) (D.C. Official Code § 3-1316(a)) is amended by striking the word
129 “Board” both times it appears and inserting the word “Office” in its place.

130 (8) Section 4 (D.C. Official Code § 3-1319) is amended by striking the phrase “and
131 daily numbers games.” and inserting the phrase “, daily numbers games, and sports wagering.” in
132 its place.

133 (e) A new Title III is added to read as follows:

134 “TITLE III. SPORTS WAGERING.

135 “Sec. 301 . Authorization of sports wagering.

136 “The operation of sports wagering and related activities shall be lawful in the District of
137 Columbia and conducted in accordance with this title, and rules and regulations issued pursuant
138 to this title.

139 “Sec. 302. Rules and regulations governing conduct of sports wagering.

140 “(a) To ensure fair and honest play in sports wagering and to protect the economic
141 welfare and interests of the District and participants of sports wagering, the CFO, or delegate,
142 shall adopt rules and regulations governing the conduct of sports wagering, which shall include
143 the:

144 “(1) Acceptance of wagers on a sports event or a series of sports events;

145 “(2) Maximum wagers that may be accepted by an operator from any one
146 individual or on a sports event;

147 “(3) Type of wagering tickets that may be used;

148 “(4) Method of issuing tickets;

149 “(5) Method of accounting to be used by an operator;

150 “(6) Requirements relating to how fees and taxes are to be remitted, including
151 whether the fees and taxes shall be required to be remitted electronically;

152 “(7) Methods of age verification;

153 “(8) Posting of house rules;

154 “(9) Player exclusion requirements;

155 “(10) Facilities to be used by operators;

156 “(11) Types of records that shall be required to be maintained;

157 “(12) Use of credit and checks;

158 “(13) Type of system for sports wagering;

159 “(14) Protections for an individual placing a wager;

160 “(15) Requirements for training the employees of an operator concerning
161 compulsive and problem gambling, and for displaying on an operator’s website and sports
162 wagering facility information about available programs to prevent, treat, or monitor compulsive
163 or problem gambling; and

164 “(16) Advertising guidelines, including specific language concerning minors.

165 “(b)(1) The Office shall establish internal control standards for administration of sports
166 wagering, sports wagering equipment and systems, or other items used to conduct sports
167 wagering, as well as maintenance of financial records and other required records.

168 “(2) The Office shall solicit input from the Alcoholic Beverage Regulation
169 Administration and the Alcoholic Beverage Control Board (“ABC Board”) on suggestions for
170 regulations to minimize underage drinking and sports wagering by visibly intoxicated patrons.

171 “(c) Sports wagering shall occur only in the specific locations within a designated sports
172 wagering facility approved by the Office and may only be relocated or offered in an additional
173 manner pursuant to regulation.

174 “Sec. 303. Public-private cooperation.

175 “(a) In recognition that governmental and private sector cooperation is essential to
176 ensuring the integrity of sports wagering in the District and for resolving problems that may arise
177 that have the potential to diminish the benefits of sports wagering to the District and its residents.
178 The Office may by rule encourage operators and sports leagues to share information with the
179 Office and each other pertaining to sports wagering, such as abnormal betting activity or
180 patterns, the possible breach of a sports league’s internal rules or codes of conduct, conduct that
181 corrupts the betting outcome of a sporting event, suspicious or illegal wagering, the use of funds
182 derived from illegal activity, the use of agents to place wagers, or using false identification, and
183 to cooperate with the Office, or other District entity, in an investigation relating to sports
184 wagering that may be conducted by the District.

185 “(b)(1)The Office may enter into intelligence sharing, reciprocal use, or restricted use
186 agreements with the federal government, state and local governments, law enforcement agencies,
187 gaming enforcement agencies of other jurisdictions, and sports leagues that provide for and
188 regulate the use of information provided and received pursuant to the agreement.

189 “(2) Records, documents, and information in the possession of the Office received
190 pursuant to an intelligence-sharing, reciprocal use, or restricted use agreement shall be
191 considered investigative records compiled for law-enforcement purposes under section under

192 section 204(a)(3) Freedom of Information Act of 1976, effective March 13, 2004 (D.C. Law 15-
193 105; D.C. Official Code § 2-534(a)(3)).

194 “Sec. 304. Unlawful acts; action by Attorney General.

195 “(a)(1) It shall be unlawful for an operator, or other individual, group of individuals, or
196 entity, without authorization to access, use, modify, or disclose personal information of an
197 individual who places a sports wager with the operator (“unlawful acts”), and for the operator to
198 fail to maintain reasonable security procedures and practices against such unlawful acts.

199 “(2) A violation of paragraph (1) of this subsection shall be an unlawful trade
200 practice within the meaning of Chapter 39 of Title 28 of the District of Columbia Official Code.

201 An individual, group of individuals, or entity found to have violated this provision shall be
202 subject to the remedies set forth in D.C. Official Code § 28-3909.

203 “(b)(1) No operator, or director, office, owner, or employee of an operator, may
204 intentionally make a false or misleading representation concerning the operator’s services or
205 business, including relating to the probability of winning or the number of winners for a wager
206 accepted by the operator.

207 “(2) An individual, group of individuals, or entity claiming to be aggrieved by a
208 fraudulent act or a false or misleading statement by an operator shall have a cause of action in a
209 court of competent jurisdiction for damages and any legal or equitable relief as may be
210 appropriate.

211 “(c) The Attorney General for the District of Columbia, in the name of the District of
212 Columbia, may bring an action in the Superior Court of the District of Columbia to enjoin, or to

213 seek a civil of penalty of up to \$50,000, for a violation of this title or regulations issued pursuant
214 to this title.

215 “Sec. 305. Sports wagering license requirements; prohibition.

216 “(a)(1) Except as provided in subsection (f) of this section, no individual, group of
217 individuals, or entity may engage in an activity connected with sports wagering in the District of
218 Columbia unless all the licenses required by this title, or by regulations issued pursuant to this
219 title, have been duly obtained.

220 “(2) An applicant convicted of a disqualifying offense shall not be licensed. The
221 Office shall define disqualifying offenses by regulations issued pursuant to this title.

222 “(b)(1) The Office shall issue the four following sports wagering licenses:

223 “(A) Operator;

224 “(B) Management services provider;

225 “(C) Supplier; and

226 “(D) Occupational.

227 “(2)(A) The Office shall not grant any of the licenses listed in paragraph (1) of this
228 subsection until it has determined that each individual, group of individuals, or entity that has
229 control of the applicant is duly licensed in accordance with this act.

230 “(B) Each operator’s license shall be limited to a single sports wagering facility.

231 “(C) For the purposes of this paragraph, the following individuals, groups of
232 individuals, and entities are considered to have control of an applicant:

233 “(i) An individual, group of individuals, or entity associated with a
234 corporate applicant, including a corporate holding company, parent company, or subsidiary
235 company of the applicant that has the ability to control the activities of the corporate applicant or
236 elect a majority of the board of directors of that corporation, excluding any bank or other
237 licensed lending institution that holds a mortgage or other lien acquired in the ordinary course of
238 business;

239 “(ii) Each individual, group of individuals, or entity associated with
240 a non-corporate applicant who directly or indirectly holds a 5% or greater beneficial or
241 proprietary interest in the applicant’s business operation, or who the Office otherwise determines
242 has the ability to control the applicant; and

243 “(iii) Key personnel of an applicant, such as an executive,
244 employee, or agent having the power to exercise significant influence over decisions concerning
245 any part of the applicant’s business operation.

246 “(c)(1) An applicant for a license or a renewal license issued pursuant to this title shall be
247 subject to District, state, and national criminal history background checks and shall submit an
248 application to the Office, in a form determined by the Office, for fingerprints for a national
249 criminal records check by the Metropolitan Police Department and the Federal Bureau of
250 Investigation of all individuals required to be named in the application and a signed authorization
251 of each individual submitting fingerprints for the release of information by the Metropolitan
252 Police Department and the Federal Bureau of Investigation.

253 “(2) In the case of an application for license renewal, the Office may require
254 additional background checks.

255 “(d) Proprietary information, trade secrets, financial information, or personal information
256 about an individual in an application submitted to the Office pursuant to this act shall not be a
257 public record and shall not be made available under the Freedom of Information Act of 1976,
258 effective March 29, 1977 (D.C. Law 1-; D.C. Official Code § 2-531 *et. seq.*) (“FOIA”), or any
259 other law.

260 “(e)(1)(A) An operator, licensed supplier, or licensed management services provider shall
261 display its District of Columbia license conspicuously in its sports wagering facility or
262 conspicuously on its mobile application or online, and have the license available for inspection
263 by an employee of the Office or law enforcement agency.

264 “(B) When present in a sports wagering facility, an occupational licensee shall
265 carry the license and have some indicia of licensure prominently displayed on his or her person .

266 “(2) An individual, group of individuals, or entity licensed pursuant to this title shall
267 provide the Office written notice of a change to any information provided in the individual’s,
268 group of individuals’, or entity’s application for a license or renewal within 10 days of the
269 change.

270 “(f) No Office employee may be an applicant for or obtain a license issued pursuant to
271 the title.

272 “Sec. 306. Operator licensure.

273 “(a)(1) “To offer sports wagering in the District, an individual, group of individuals, or
274 entity shall obtain an operator license, the application for which shall be in a form determined by
275 the Office and shall require:

276 “(A) The name of the applicant;

277 “(B) The mailing address and, if a corporation, the name of the state under
278 the laws of which it is incorporated; the location of its principal place of business; and the names
279 and addresses of its directors;

280 “(C) A report of the applicant's financial activities, including evidence of
281 financial stability, such as bank statements, business and personal income and disbursement
282 schedules, tax returns, or other documentation, satisfactory to the Office, that demonstrates that
283 the applicant has sufficient business ability and experience to establish and maintain a successful
284 sports wagering business;

285 “(D) A description of the proposed internal controls and security systems
286 to be used in conducting sports wagering or processing sports wagering transactions;

287 “(E) The number of employees expected to be employed at the proposed
288 sports wagering facility;

289 “(F) The estimated tax revenue to be generated by the sports wagering
290 facility;

291 “(G) The location of the proposed sports wagering facility; and

292 “(H) Any other information the Office considers necessary and
293 appropriate.

294 “(2) In determining whether to approve an application for an operator license, the
295 Office shall consider whether the applicant:

296 “(A) Is proposing a sports wagering operation that will have a positive
297 impact through increased revenues on the District and its residents;

298 “(B) Possesses adequate funds or has secured adequate financing to
299 commence and maintain a sports wagering operation;

300 “(C) Has the financial stability, integrity, and responsibility to conduct
301 sports wagering;

302 “(D) Has sufficient business ability and experience to create and maintain a
303 successful sports wagering operation;

304 “(E) Has proposed adequate measures for internal and external security,
305 including a surveillance system or protocol;

306 “(F) Has satisfied the sports wagering license requirements;

307 “(G) Has demonstrated that its proposed sports wagering operation will be
308 conducted in accordance with this title and all other applicable District and federal law; or

309 “(H) Has been convicted of a disqualifying offense, as established by
310 regulation by the Office pursuant to this title.

311 “(b)(1) The Office may issue a Class A operator license to an applicant whose sports
312 wagering facility will be located within any of the following locations: Capital One Arena (601 F
313 Street, N.W., and described as Lot 0047, Square 0455), Audi Field (100 Potomac Avenue, S.W.,
314 and described as Lot 0027, Square 0665), Nationals Park (1500 South Capitol Street, S.E., and

315 described as Lot 0016, Square 0705), or St. Elizabeths East Entertainment and Sports Arena (St.
316 Elizabeth’s Campus, 1100 Oak Drive, S.E., and described as Lots 0837 and 0838, Square 5868S)
317 (“designated facilities”).

318 “(2) The Office shall not issue a Class B operator license to an applicant whose
319 sports wagering facility will be located within any of the designated facilities.

320 “(3)(A) A Class A operator license shall be issued for 5 years and require a non-
321 refundable application fee of \$250,000, which shall be submitted with the application.

322 “(B) A Class A operator license may be renewed for 5-year periods;
323 provided, that the licensee has continued to comply with all statutory and regulatory
324 requirements and pays upon submission of a renewal application a \$250,000 renewal fee.

325 “(c)(1) Subject to paragraph (2) of this subsection, the Office may issue a Class B
326 operator license to an applicant whose facility will be located outside of any of the designated
327 facilities.

328 “(2) The Office shall not issue a Class B operator license to any applicant whose
329 sports wagering facility will be located within a 2-block radius of any of the designated facilities.

330 “(3) District operated sports wagering shall not be offered within a 2-block radius
331 of any of the designated facilities.

332 “(4)(A) A Class B operator license shall be issued for 5 years and require a non-
333 refundable application fee of \$50,000, which shall be submitted with the application.

334 “(B) A Class B operator license may be renewed for 5-year periods;
335 provided, that the licensee has continued to comply with all statutory and regulatory
336 requirements and pays upon submission of a renewal application a \$50,000 renewal fee.

337 “(d) As a condition of licensure, an operator shall be bonded, in such amounts and in such
338 manner as determined by the Office, and agree, in writing, to indemnify and to save harmless the
339 District of Columbia against any and all actions, claims, and demands of whatever kind or nature
340 that the District of Columbia may incur by reason of or in consequence of issuing an operator
341 license to the licensee.

342 “Sec. 307. Duties of an operator.

343 “(a) Upon application for an operator license, and annually thereafter, an operator shall
344 submit to the Office an annual audit of the financial transactions and condition of the licensee’s
345 total operations prepared by a certified public accountant in accordance with generally accepted
346 accounting principles and applicable District and federal law.

347 “(b)(1) An operator shall be prohibited from wagering through its own sports wagering
348 facility and shall employ reasonable methods to prohibit:

349 “(A) A director, officer, owner, or employee of the operator, and
350 any relative living in the same household as the aforementioned individuals from placing a wager
351 with the operator;

352 “(B) An athlete, coach, referee, team owner, employee of a sports
353 governing body or its member teams, and player and referee union personnel from wagering on a
354 sporting event overseen by their sports governing body;

355 “(C) An individual, group of individuals, or entity with access to non-
356 public confidential information held by the operator from placing wagers with the operator; or

357 “(D) An individual, group of individuals, or entity from placing a wager as
358 an agent or proxy for others.

359 “(2) In determining which individual, group of individuals, or entity are to be
360 excluded from placing a wager pursuant to paragraph (1) of this subsection, an operator shall use
361 publicly available information and any lists of such individuals, group of individuals, or entity
362 that the sports governing body may provide to the Office; which list the Office or sports
363 governing body has provided to the operator.

364 “(c) An operator shall:

365 “(1) Employ a monitoring system utilizing software to identify irregularities in
366 volume or odds and swings that could signal suspicious activities that should require further
367 investigation, and immediately report to the Office;

368 “(2) Develop system requirements and specifications according to industry
369 standards and implement the requirements and specifications as required by the Office as part of
370 its minimum internal control standards;

371 “(3) Immediately report to the Office facts or circumstances related to the
372 operation of a sports wagering licensee that may constitute a violation of District or federal law,
373 including suspicious sports wagering over a threshold set by the operator as approved by the
374 Office;

375 “(4) Provide a secure location for the placement, operation, and play of sports
376 wagering equipment;

377 “(5) Prevent an individual, group of individuals, or entity from tampering with or
378 interfering with the operation of sports wagering or sports wagering equipment;

379 “(6) Ensure that sports wagering occurs only in the specific locations within a
380 designated sports wagering facility approved by the Office, using an Office approved mobile
381 application, other digital platform, or sports wagering device that utilizes communications
382 technology to accept wagers originating within the District, and that sports wagering is conducted
383 within the sight and control of designated employees of the licensee and under continuous
384 observation by security equipment, as required by the Office.

385 “(7) Maintain a sufficient cash supply and other supplies within the boundaries of
386 the District;

387 “(8) Maintain daily records showing the gross sports wagering receipts and
388 adjusted gross sports wagering receipts of the operator;

389 “(9) Timely file with the Office records or reports required by this title, or
390 regulations issued pursuant to this title;

391 “(10)(A) Verify that an individual or group of individuals placing a wager is of
392 the legal minimum age for placing the wager;

393 (B) If the sports wagering is conducted using on-line or mobile devices, have
394 in place technical and operational measures to prevent access by those who are underage;

395 (C) Have an age verification process as a part of its registration, which may
396 include requiring the use of a reputable independent third party that is commonly in the business
397 of verifying an individual’s personal identity information; and

398 (D) Include on its website a description of the possible repercussions for
399 an underage player, such as immediate stoppage of play, account closure, and confiscation of
400 winnings.

401 (11)(A) Allow individuals to set limits with the operator, including limits on the
402 time spent betting and the amounts to be wagered, and take reasonable steps to prevent those
403 individuals from overriding their self-imposed limits, including, at request of the individual,
404 sharing the requested limitations with the Office for the sole purpose of disseminating the request
405 to other operators;

406 (B) Prohibit an individual from sports wagering over the limit the
407 individual has set or from sports wagering if the individual is on a list provided by the Office of
408 the individuals who have requested to be excluded from sports wagering; and

409 (C) Implement and maintain reasonable security procedures and
410 practices that are appropriate to the nature of the personal information of individuals who place a
411 wager with the operator from unauthorized access, use, modification or disclosure;

412 (12) Establish procedures to evaluate requests made by third parties to exclude
413 an individual from sports wagering, including requests to exclude an individual from placing
414 sports wagers when the requestor provides documentary evidence of sole or joint financial

415 responsibility for the source of funds deposited with an operator by the individual or a court
416 order requiring the individual to pay unmet child-support obligations;

417 “(13) Establish a system to allow individuals to self-identify as problem gamers
418 to the Office and request to be excluded from any gaming regulated by the Office;

419 “(14) Establish a system to enable the Office to provide to the operator a daily list
420 of players who have requested to be excluded from sports wagering;

421 “(15) Prohibit an operator, director, officer, owner, and employee of the operator
422 from extending credit to an individual, group of individuals, or entity who places wagers with the
423 operator or seeks to place wagers with the operator;

424 “(16) Prohibit an individual, group of individuals, or entity who places wagers
425 with the operator from establishing more than one active account with the operator; and

426 “(17) Permit an individual, group of individuals, or entity who places wagers with
427 the operator to terminate his or her account at any time and for any reason.

428 “(d) An operator’s unauthorized or improper disclosure of names included on the self-
429 exclusion list, as allowed by subsection (c)(11) of this section, shall be punishable by penalties
430 determined by the Office, including revocation of an operator’s license.

431 “(e)(1) Each operator shall submit a monthly report to the Office that includes:

432 “(A) The total amount of sports wagers received from authorized sports
433 bettors;

434 “(B) The total amount of prizes awarded to sports bettors;

435 “(C) The total amount of sports wagering gross revenue received by the
436 operator;

437 “(D) The total number of authorized sports bettors that requested to
438 exclude themselves from sports wagering; and

439 “(E) Any additional information the Office considers necessary to carry
440 out the provisions of this title.

441 “(2) The Office shall publish reports based on the information provided by
442 operators pursuant to this subsection.

443 “(f) An operator may continue to use supplies acquired from a licensed sports wagering
444 supplier whose supplier license has expired or has otherwise been cancelled, unless the Office
445 prohibits such use.

446 “Sec. 308. Sports wagering management services providers.

447 “(a) An operator may enter into a management services contract that would permit an
448 individual, group of individuals, or entity other than the operator to conduct sports wagering on
449 the premises; provided, that the management services contract:

450 “(1) Is with an individual, group of individuals, or entity licensed under this act to
451 provide management services;

452 “(2) Is in writing; and

453 “(3) Has been approved by the Office.

454 “(b) The duties and responsibilities of a management services provider (“MSP”) under a
455 management services contract shall not be assigned, delegated, subcontracted, or transferred to a

456 third party without the prior approval of the Office. To be considered for approval, a third party
457 shall be licensed as an MSP in accordance with this title.

458 “(c)(1) In considering whether to approve an MSP license application, the Office may
459 consider evidence the MSP has submitted to the Office of an existing license as a management
460 services provider from another jurisdiction that the Office has determined has licensing
461 requirements similar to those required by the District.

462 “(2) An applicant for an MSP license shall pay a non-refundable \$10,000 fee with
463 the application and meet all requirements for licensure under this title.

464 “(3) An MSP license shall be renewed annually; provided, that the licensee has
465 continued to comply with all statutory and regulatory requirements and pays upon submission of
466 a renewal application a \$2,000 renewal fee.

467 “(d) An individual, group of individuals, or entity who shares in the revenue of a sports
468 wagering business, including an affiliate operating under a revenue share agreement, shall be
469 licensed under this section.

470 “Sec. 309. Sports wagering suppliers.

471 “(a)(1) An individual, group of individuals, or entity that seeks to sell or lease sports
472 wagering equipment, systems, or other gaming items necessary to conduct sports wagering, and
473 offer services related to such equipment or other gaming items to a sports wagering operator
474 shall obtain a supplier license from the Office.

475 “(2) In considering whether to approve a supplier license application, the Office
476 may consider evidence the supplier submitted to the Office of an existing license as a supplier

477 from another jurisdiction that the Office has determined has licensing requirements similar to
478 those required by the District.

479 “(b) An applicant for a supplier license shall demonstrate that the equipment, system, or
480 services that the applicant plans to offer to the sports wagering licensee conform to standards
481 established pursuant to this title, regulations issued pursuant to this title, and other applicable
482 law.

483 “(c) An applicant for a supplier license shall pay a nonrefundable fee of \$10,000 with the
484 application.

485 “(d) A supplier license shall be renewed annually; provided, that the licensee has
486 continued to comply with all statutory and regulatory requirements and pays upon submission of
487 a renewal application a \$2,000 renewal fee.

488 “(e) A licensed sports wagering supplier shall submit to the Office a list of all sports
489 wagering equipment and services sold, delivered to, or offered to an operator. All of such
490 equipment shall be tested and approved by an independent testing laboratory approved by the
491 Office.

492 “Sec. 310. Sports wagering occupational licensee.

493 “(a) All persons employed to be engaged in activities related to sports wagering shall be
494 required to be licensed by the Office and, when employed, shall maintain a valid occupational
495 license and be employed in the capacity reported to the Office.

496 “(b)(1) An applicant for an occupational license under this section shall submit an
497 application, as required by the Office, and pay a nonrefundable fee of \$100, which may be paid
498 on behalf of the applicant by the prospective employer.

499 “(2) A holder of an occupational license issued pursuant to this section shall
500 pay a renewal fee of \$100, which may be paid on behalf of the licensed employee by the
501 employer, and submit a renewal application by September 30 of each year.

502 “Sec. 311. District operated sports wagering; sports wagering retailers.

503 “(a)(1) The District of Columbia, through the Office, may conduct sports wagering
504 authorized by this title through any method of wagering, including, mobile and online
505 transactions; provided, that any systems used for mobile and online transactions include age and
506 location verification technology designed to prevent unauthorized access by individuals whose
507 age and current location have not been verified. The Office may engage a contractor or
508 contractors to provide the systems and related services for accepting sports wagers.

509 “(2) The Office may offer a mobile or on-line sports wagering product, either by
510 taxing mobile and on-line licensed retailers at a rate of 20%, without limit to the number of
511 licenses issued, or through contract with a limited number of partners operating an Office of
512 Lottery and Gaming mobile and web-based sports wagering operation, whichever can be shown
513 to return the most revenue to the District.

514 “(b)(1) The Office may license sports wagering retailers. Businesses that apply to be
515 licensed as sports wagering retailers shall also be licensed as lottery and daily numbers game
516 agents.

517 “(2) Active lottery licensees, as well as new applicants, shall be required to apply
518 to the Office for a separate sports wagering retailer license.

519 “(3) In determining whether to approve an application for a sports wagering
520 retailer (“retailer”) license, the Office shall consider the:

521 “(A) Financial responsibility of the individual, group of individuals, or entity
522 and the individual’s, group of individuals’, or entity’s business or operation;

523 “(B) Accessibility of the place of business or operation to the public;

524 “(C) Sufficiency of existing retailer licensees to serve the public
525 convenience; and

526 “(D) Volume of expected District operated sports wagering sales.

527 “(c)(1) An applicant for a retailer license, which shall have a term of 2 years, shall meet
528 all requirements for licensure and pay an application fee of \$5,000.

529 “(2) A retailer license may be renewed for two-year periods; provided, that the
530 licensee has continued to comply with all statutory and regulatory requirements and pays upon
531 submission of a renewal application a \$5,000 renewal fee.

532 “(d) The Office shall require a retailer licensee to be bonded in such amounts and in such
533 manner as determined by the Office and, by written instrument, indemnify and save harmless the
534 District of Columbia against any and all actions, claims, and demands of whatever kind or nature
535 that the District of Columbia may incur by reason of or in consequence of issuing the retailer
536 license to the licensee.

537 “(e) Subject to fiscal limitations and requirements of law, the Office may authorize
538 compensation for a retailer licensee in the manner and amounts the Office determines necessary
539 and appropriate.

540 “(f)(1) No sports wager shall be accepted by other than a retailer licensee or an employee
541 of the retailer licensee.

542 “(2) An individual, group of individuals, or entity convicted of violating this
543 subsection shall be subject to a fine not to exceed \$5,000 or imprisonment not to exceed 6
544 months, or revocation of the retailer license, or all of the foregoing.

545 “Sec. 312. License prohibitions.

546 “(a)(1) The Office shall not grant any license pursuant to this title if evidence satisfactory
547 to the Office exists that the applicant has:

548 “(A) Knowingly made a false statement of a material fact to the Office;

549 “(B) Been suspended from operating a gambling game or operation,
550 sports wagering device, sports wagering operation, or other related suspension;

551 “(C) Had a license revoked by a governmental authority responsible for
552 regulation of gaming and sports wagering;

553 “(D) Been convicted of a felony that has not received a pardon or who has
554 not been released from parole or probation for at least five years;

555 “(E) Been convicted of a gambling-related offense, or a theft or fraud
556 offense; or

557 “(F) Whether an individual, group of individuals, entity or company, has
558 been directly employed by an illegal or offshore sports wagering operator that serviced the
559 United States, or otherwise accepted black market wagers from individuals located in the United
560 States.

561 “(2) The Office may deny a license to an applicant, or suspend or revoke a license
562 if the applicant or licensee:

563 “(A) Has not demonstrated to the satisfaction of the Office financial
564 responsibility sufficient to adequately meet the requirements of the proposed activity;

565 “(B) Is not the true owner of the business or the sole owner and has not
566 disclosed the existence or identity of other individuals, groups of individuals, or entities who
567 have an ownership interest in the business; or

568 “(C) Is a corporation that sells more than 5% of a licensee’s voting stock,
569 more than 5% of the voting stock of a corporation that controls the licensee, sells a licensee’s
570 assets, other than those bought and sold in the ordinary course of business, or an interest in the
571 assets, to an individual, group of individuals, or entity not already determined by the Office to
572 have met the qualifications of a licensee pursuant to this title or is a non-corporate entity where
573 an individual, group of individuals, or entity not already determined by the Office to have met
574 the qualifications of a licensee pursuant to this title holds more than a 10% interest in the non-
575 corporate entity.

576 “Sec. 313. Clean hands requirement.

577 The Office shall require proof of good standing pursuant to § 29-102.08 of an applicant
578 for a license pursuant to this title and may, in addition, require certification that the Citywide
579 Clean Hands Database indicates that the proposed licensee is current with its District taxes.

580 “Sec. 314. Penalties.

581 “(a) For a violation of this act or a regulation issued pursuant to this act, the Office shall
582 have the authority to exercise one or more of the following:

583 “(1) Impose a fine of not more than \$50,000, which money shall be paid to the District
584 of Columbia Treasurer and deposited into the General Fund of the District of Columbia as
585 general purpose revenue funds;

586 “(2) Revoke a licensee’s sports wagering license; or

587 “(3) Suspend the licensee’s sports wagering license for up to 365 days.

588 “(b) An individual, group of individuals, or entity that has been fined, whose application
589 has been denied, revoked, or suspended pursuant to this section shall have a right to a hearing
590 before the Office and, in the event of its affirmation of the fine, denial, revocation, or suspension,
591 whichever applies, the right to appeal the decision of the Office to the Superior Court of the
592 District of Columbia.

593 “Sec. 315. Taxation of Sports Wagering.

594 “(a) On or before the 20th calendar day of each month, each operator shall:

595 “(1) File a return, on forms and in the manner prescribed by the CFO, with the
596 CFO indicating the amount of its gross sports wagering revenue, including revenues remitted by
597 registered sports governing bodies, for the preceding calendar month; and

598 “(2) Pay to the District of Columbia Treasurer 10% of the gross sports wagering
599 revenue from the preceding calendar month.

600 “(b) All funds owed to the District under this act shall be held in trust within the
601 boundaries of the District for the District by an operator until the funds are paid to the District of
602 Columbia Treasurer. An operator shall establish a separate bank account into which gross sports
603 wagering revenue shall be deposited and maintained until such time as the funds are paid to the
604 District of Columbia Treasurer.

605 “(c) The increased revenue realized from the tax imposed under subsection (a) of this
606 section shall be directed as follows:

607 “(1) The first \$200,000 of revenue shall be used to fund programs through the
608 Department of Behavioral Health to prevent, treat and research gambling addiction; and

609 “(2) Of the remaining balance, 50% shall be used to fund the Birth-to-Three for
610 All DC Amendment Act of 2018, effective October 30, 2018 (D.C. Law 22-179; D.C. Official
611 Code § 4-651.01 *et seq.*), and 50% shall be deposited into the Neighborhood Safety and
612 Engagement Fund, established by section 103 of the Neighborhood Engagement Achieves
613 Results Amendment Act of 2016, effective June 30, 2016 (D.C, Kaw 21-125; D.C. Official Code
614 § 7-2413).

615 “Sec. 316. Conflict with federal law.

616 “Nothing in this title shall be construed to authorize noncompliance with any provision of
617 any federal law or regulation. Notwithstanding any provision in this title, no sports wagering, or
618 gambling in any form, or the operation of gambling devises shall be allowed on federal property,

619 or portion of federal property, where such activity is prohibited by federal law or regulation or is
620 contrary to section 602(a)(3) of the District of Columbia Home Rule Act, approved December
621 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(a)(3)).”

622 Sec. 3. Qualified High Technology Company amendment.

623 Section 47-1817.01(5)(B) is amended as follows:

624 (a) Subparagraph (ii) is amended by striking the phrase “; or”.

625 (b) Subparagraph (iii) is amended by striking the period and inserting the phrase “; or” in
626 its place.

627 (c) A new subparagraph (iv) is added to read as follows:

628 “(iv) A holder of a sports wagering license listed in section 305(b)(1) of the Sports
629 Wagering Lottery Amendment Act of 2018, as approved by the Committee on Finance and Revenue
630 on November 28, 2018 (Committee print of Bill 22-944).

631 Sec. 4. Rules.

632 The Chief Financial Officer of the District of Columbia, pursuant section 424(d) of the
633 District of Columbia Home Rule Act, approved April 17, 1995 (109 Stat. 142; D.C. Official
634 Code § 1-204.24d), shall issue rules to implement this act.

635 Sec. 5. Fiscal impact statement.

636 The Council adopts the fiscal impact statement of the Budget Director as the fiscal impact
637 statement required by section 4a of the General Legislative Procedures Act of 1975, approved
638 October 16, 2006 (120 Stat. 2038; D.C. Official Code § 1-301.47a).

639 Sec. 6. Effective date.

640 This act shall take effect following approval by the Mayor (or in the event of veto by the
641 Mayor, action by the Council to override the veto), and shall remain in effect for no longer than
642 90 days, as provided for emergency acts of the Council of the District of Columbia in section
643 412(a) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 788;
644 D.C. Official Code § 1-204.12(a)).

645