

**STATE OF ILLINOIS
ILLINOIS GAMING BOARD**

RULE 1900.1170(d) ORDER

JUNE 10, 2021

*In re Hawthorne Race Course, Inc.
May 22 2021 Portland-Denver*

ORDER

This matter comes before the Illinois Gaming Board (the “Board” or “IGB”) under Section 1900.1170 (“Cancelled or Void Wagers”) of the Board’s Adopted Rules for Sports Wagering (the “Rules”). 11 Ill. Adm. Code 1900.1170. This Order issues under Rule 1170(d). 11 Ill. Adm. Code 1900.1170(d).

I. SUMMARY

On May 25, 2021, PointsBet Illinois LLC (“PointsBet”), on behalf of Hawthorne Race Course, Inc. (“Hawthorne”), submitted a request pursuant to Sports Wagering Rule 1900.1170(c) to cancel two wagers placed on who would score the first basket in the May 22, 2021 National Basketball Association (“NBA”) game between the Portland Trail Blazers and Denver Nuggets. Due to a technical error, the PointsBet sports wagering system allowed the placement of two wagers on who would score the first basket in the subject game after the results of that wager were already known.

For the reasons discussed below, cancellation of the subject wagers is in the best interests of the State of Illinois and ensures the integrity of the Illinois sports wagering industry. Accordingly, PointsBet’s request is granted and the subject wagers are hereby cancelled.

II. RELEVANT FACTUAL BACKGROUND

PointsBet is a Management Services Provider Temporary Operating Permit Holder, conducting the sports wagering operation on behalf of Master Sports Wagering Licensee Hawthorne. During all relevant times, PointsBet offered wagering on NBA games. In addition to wagering on the final outcome of the games, PointsBet offered a variety of proposition bets (“prop bets”) on NBA games, including which player would score the first basket of a game.

Certain prop bets are created manually by PointsBet staff and inputted into the sports wagering system prior to the start of a game. Prior to tip-off, patrons may place wagers on those manually built prop bets. The normal functionality of the PointsBet sports wagering system would remove manually built prop bets from the available wagers to patrons at the start of a game.

PointsBet offered a manually created prop bet on which player would score the first basket of the May 22, 2021 Trail Blazers versus Nuggets NBA game. Due to a technical error, the bet was not automatically removed after the start of the game. For approximately two minutes after the outcome of the wager was known (*i.e.*, after the first basket was scored), it was possible to place wagers on this prop bet in Illinois. Two bets were placed on this wager during the period of time in which the outcome of the wager was known.

PointsBet reported this information to the Board and requested cancellation of the wagers in accord with Rule 1170.

III. DISCUSSION

Our analysis begins with Sports Wagering Rule 1170(c). Under the Rule, a sports wagering operator may ask the Administrator to order the cancellation of certain wagers. Specifically, Rule 1170(c) provides as follows:

A master sports wagering licensee may request the Administrator to order the cancellation of all wagers of a specific type, kind, or subject. A request to cancel shall be in writing, and contain the following:

1. A description of the type, kind, or subject of wager the licensee is requesting to cancel;
2. A description of any facts relevant to the request; and
3. An explanation why cancelling the wagers is in the best interests of the State of Illinois or ensures the integrity of the Illinois sports wagering industry.

11 Ill. Adm. Code 1900.1170(c)

PointsBet submitted a request to cancel on May 25, 2021, which met the requirements of Rule 1170(c). Thus, we turn to Rule 1170(d) to guide our determination of PointsBet's Rule 1170(c) request. Rule 1170(d) as follows:

In determining whether to grant or deny the request, the Administrator shall consider any relevant factors, including, but not limited to the following:

1. Whether the alleged facts implicate the integrity of the sports event subject to the wager or the Illinois sports wagering industry;
2. Whether the alleged facts implicate possible illegal activity relating to the sports event or the Illinois sports wagering industry;
3. Whether allowing the wager would be unfair to wagering patrons; and

4. Whether allowing the wager is contrary to public policy.

11 Ill. Adm. Code 1900.1170(d).

The first factor, integrity of Illinois' sports wagering industry, is of paramount importance. Legalized gambling in Illinois will succeed so long as public confidence and trust in the credibility and integrity of the gambling operations and the regulatory process is maintained. *See* 230 ILCS 10/2 (legislative intent of the Illinois Gambling Act). Sports wagering by definition includes some risk for each participant, including those offering the wagers. *See* 230 ILCS 45/25-10 (definition of wager). However, the acknowledgement of risk on the part of the licensee does not mean that patrons are permitted to take advantage of inadvertent errors in the conduct of sports wagering, whether human or technological. *See*, 11 Ill. Adm. Code 1170(k) (permitting a sports wagering operator to declare void any wagers where there is obvious error in the placement of wagers). Requiring PointsBet to accept and honor wagers placed where the outcome of the wager was already determined would undermine the integrity of the Illinois sports wagering industry and invite future manipulation of betting markets. As such, the first factor weighs in favor of cancellation.

For similar reasons, the fourth factor – whether allowing the wagers to stand would be contrary to public policy – also favors cancellation in this instance. The Board's Sports Wagering Rules expressly allow sportsbooks to void a wager if a reasonable basis exists to believe there was obvious error in the placement or acceptance of the wager. 11 Ill. Adm. Code 1900.1170(k). A wager is voidable under the Rule where, as here, there was a technological error involved in the placement of the wager. Public policy in Illinois is clear that wagering is to be conducted within the intended scope and rules permitted by the respective sportsbook or casino. Wagering outside of that permitted scope is contrary to effective gaming regulation and public policy.

Analysis of the second and third factors in Rule 1170(d) is not necessary to resolve the question presented by PointsBet's request. Accordingly, we express no view about these factors here.

For the foregoing reasons, allowing the wagers at issue to stand would directly harm the integrity of the Illinois sports wagering industry and would be contrary to public policy.

IV. CONCLUSION

PointsBet Illinois LLC's request, made on behalf of Hawthorne Race Course, Inc., to cancel the identified NBA prop bets pursuant to 11 Ill. Admin. Code 1900.1170(c) is hereby **GRANTED**.

PointsBet is ordered to immediately refund all such prop bets regardless of outcome to affected Illinois patron sports wagering accounts, and to take commercially reasonable efforts to notify affected retail patrons pursuant to 11 Ill. Adm. Code 1900.1170(f).

Entered: June 11, 2021

A handwritten signature in blue ink, appearing to read "Marcus Fruchter", is written over a horizontal line.

**Marcus D. Fruchter
Administrator
Illinois Gaming Board**