



PENNSYLVANIA GAMING CONTROL BOARD
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December 7, 2020

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TO: Fantasy Contest Operators

RE: Fantasy Contest Participant Funds and Prize Reserve Accounts

Dear Fantasy Contest Operators:

Pennsylvania Gaming Control Board ("Board") staff have received inquiries from fantasy contest operators regarding the regulatory requirement to maintain separate accounts for participant funds and a reserve used to pay prizes and awards. 58 Pa. Code § 1206.1(c) provides:

- (c) *A fantasy contest licensed operator's internal controls and audit protocols must include all of the following:*
- (10) *Ensure the segregation of participant funds from operational funds in separate accounts and maintain a reserve in the form of cash, cash equivalents, security deposits held by banks and processors, an irrevocable letter of credit, payment processor reserves and receivables, a bond or a combination thereof in an amount sufficient to pay all prizes and awards offered to winning participants.*

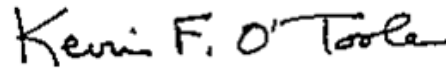
The purpose of this letter is to provide guidance regarding this regulatory requirement. First, it is acceptable for fantasy contest operators to maintain these accounts at any U.S. bank or financial institution. The Board requires the participant funds account to be Pennsylvania specific. That is, the funds in this account must be equal to or greater than the amount of funds held by participants with a Pennsylvania address.

With regard to the reserve account, it is acceptable for this account to include reserves for both Pennsylvania and other states. This account must have all the requisite protections in place to ensure there are sufficient funds available to pay all players who participate in fantasy contests in Pennsylvania and other jurisdictions.

Fantasy contest operators that would like to maintain a multistate reserve account in an amount sufficient to pay prizes and awards offered to winning participants must submit an update to section 1206.1 of their Board approved internal controls. Please contact Patrick Williams, Compliance Manager, at (717) 265-7300 or and patriwilli@pa.gov if you have any questions about how to submit an amendment to your internal controls.

If you have any questions or would like additional information, please contact Kevin Kile, Director of Sports Wagering, at (717) 346-7173 or kkile@pa.gov or Paul Resch, Director of Gaming Operations, at (717) 214-4736 or presch@pa.gov.

Sincerely,

A handwritten signature in black ink that reads "Kevin F. O'Toole". The signature is written in a cursive, slightly slanted style.

Kevin O'Toole
Executive Director

KFO:pr

cc: R. Douglas Sherman, Chief Counsel, PGCB
Claire Yantis, Administrative Director, PGCB
Cyrus Pitre, Chief Enforcement Counsel, PGCB
Paul Mauro, Director, Bureau of Investigations & Enforcement, PGCB
Susan Hensel, Director, Bureau of Licensing, PGCB
Paul Resch, Director, Bureau of Gaming Operations, PGCB
Kevin Kile, Director of Sports Wagering Operations, PGCB
Christopher Schroder, Director, Bureau of Casino Compliance, PGCB
Patrick Williams, Compliance Manager, Bureau of Gaming Operations, PGCB