UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 97044 / March 6, 2023

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 4384 / March 6, 2023

ADMINISTRATIVE PROCEEDING
File No. 3-21330

In the Matter of **Flutter Entertainment plc, as successor-in-interest to The Stars Group, Inc.** **Respondent.**	**CORRECTED ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS, PURSUANT TO SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER**

I.

The Securities and Exchange Commission ("Commission") deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 ("Exchange Act") against Flutter Entertainment plc ("Respondent" or "Flutter"), which is the successor in interest to The Stars Group Inc. ("The Stars Group" or the "Company").

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the "Offer") which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings, Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order ("Order"), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds[1] that

Summary

1. This matter concerns violations of the books and records and internal accounting controls provisions of the Foreign Corrupt Practices Act of 1977 ("FCPA") by the Company. Between May 26, 2015 and May 15, 2020 while the Company's shares were registered with the Commission (the "Relevant Period"), the Company paid approximately $8.9 million to consultants in Russia in support of the Company's operations and its efforts to have poker legalized in that country. The Company failed to devise and maintain a sufficient system of internal accounting controls over its operations in Russia during the Relevant Period with respect to third party consultants, certain of which the Company retained without adequate due diligence or written contracts, and paid without adequate proof of services. The Company also failed to consistently make and keep accurate books and records regarding consultant payments in Russia, including by inaccurately recording certain payments as lobbying fees.

2. As a result of the conduct described above, the Company violated Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act.

Respondent

3. **Flutter Entertainment plc**, headquartered in Dublin, Ireland, is the successor in interest to The Stars Group following Respondent's acquisition of that company on May 5, 2020. The Stars Group was, and Respondent is, a global gaming and sports betting company that operates a number of brands, including the online poker website, PokerStars. The Stars Group was headquartered in Montreal and, more recently, Toronto, Canada. From May 26, 2015 to May 15, 2020, The Stars Group's shares were registered with the Commission pursuant to Section 12(b) of the Exchange Act, and its shares traded on NASDAQ first under the ticker "AYA" (between June 8, 2015 and August 1, 2017, when the Company was known as Amaya, Inc.) and then under the ticker "TSG" (between August 2, 2017 and Company's delisting from NASDAQ on May 5, 2020, when the Company was known as The Stars Group).

Background

4. Prior to its acquisition by the Respondent, the Company operated a number of gaming and sports betting websites, including PokerStars, one of the largest online poker websites in the world. The Company acquired PokerStars and other online gaming brands as part of its acquisition of Oldford Group Ltd. ("Oldford Group") on August 4, 2014 (the "PokerStars Acquisition"). As part of the PokerStars Acquisition, the Company acquired Oldford Group's

[1] The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

operations in Russia and inherited certain Russia-based consultants who had been engaged by Oldford Group.

5. During the Relevant Period, revenues originating from users in Russia were a significant source of revenue for the Company. Russia was a so-called "gray market" where poker was neither affirmatively permitted nor explicitly prohibited. The Company employed various consultants to lobby Russian government officials as part of its efforts to promote the legalization of poker in Russia and expand the Company's operations in the Russian market. Despite the Company's efforts, poker was never legalized in Russia. In March 2022, following Russia's invasion of Ukraine, Respondent exited the Russian market.

The Russian Consultants

6. During the Relevant Period, the Company's legalization strategy primarily relied on services provided by three legacy Oldford Group consultants (Consultants "A," "B," and "C," and collectively, the "Russian Consultants"):

a. Consultant A was a lobbyist initially retained to help establish the Company's business in Russia;

b. Consultant B was an attorney retained to provide legal advice regarding Russian gaming law; and

c. Consultant C was head of a business interest group and a well-known businessperson in Moscow whom the Company retained to support its business in Russia, which included interacting with and lobbying Russian Government officials.

7. Throughout the Relevant Period, and as further detailed below, the Company failed to devise and maintain a reasonable system of internal accounting controls governing its relationship with and payments to the Russian Consultants and failed to adequately monitor and record such payments in its books and records.

Failure to Perform Adequate Due Diligence

8. The predecessor parent company of PokerStars (a subsidiary of the Oldford Group) initially retained the Russian Consultants prior to the PokerStars Acquisition in August 2014. Then existing policies required employees to perform certain due diligence on third parties, including background and reference checks and written contracts. Nevertheless, no due diligence was performed on the Russian Consultants upon their initial retention, in connection with the PokerStars Acquisition, or in the subsequent months as the Company maintained the predecessor parent company's compliance program while supplementing it with additional controls.

9. By at least 2016, the Company's Board undertook a review of whether the Company, any of its subsidiaries, or any of its personnel had made improper payments, directly or

through external consultants, to government officials in certain foreign jurisdictions. As a result of this review, the Company voluntarily contacted the Commission and other U.S. and Canadian regulators and thereafter adopted a policy requiring risk-based due diligence, written contracts, and approval by the CEO or general counsel of all consultants, lobbyists, and lawyers. The policy prohibited payments to any such third party unless the aforementioned steps had been completed.

10. Nevertheless, the Company continued to make payments to the Russian Consultants in violation of this policy. The only due diligence performed on the Russian Consultants was for Consultants B and C, consisting of a public records database search in 2016 – i.e., 18 months after the PokerStars Acquisition – followed by more detailed background reports for Consultants B and C in 2018. This after-the-fact diligence was insufficient according to the Company's risk-based due diligence policies, particularly for Consultant C, who was retained in part to advance the Company's commercial interests by liaising with foreign government officials.

Failure to Obtain and Monitor Consultant Contracts

11. Throughout the Relevant Period, the Company failed to adhere to internal policies requiring that the Company maintain written contracts with its consultants. The Company did not have a written contract with Consultant C until late 2017 despite Consultant C's retention years earlier. While existing contracts were in place between the Company and Consultants A and B prior to 2017, such contracts were perfunctory documents and did not include anti-bribery and anti-corruption provisions or safeguards despite internal requirements that all third-party agents and consultants adhere to applicable Company policies.

12. Even after the Company executed new contracts with the Russian Consultants in 2017 that included anti-bribery and anti-corruption provisions, the Company failed to effectively enforce them. For example, while the Russian Consultant contracts required that each consultant submit monthly invoices containing details of the services they provided, as well as any relevant backup or supporting documents, this information was not provided or included on the invoices, which contained only general statements including "consulting services" or "legal services" without any further detail. Additionally, while the contracts required that the Russian Consultants submit monthly reports detailing their activities, such reports were neither submitted to nor requested by the Company.

13. Further, the Company regularly paid Consultant C for office expenses incurred by a poker-related non-profit organization, including charges related to that organization's rent and staff salaries, without a formal contractual requirement and without receiving supporting documents evidencing the actual rent or expenses until 2019.

Failure to Obtain and Review Invoices and Supervise Consultants

14. As detailed above, the Russian Consultants submitted to the Company invoices containing no details or information about the services they provided to the Company. Additionally, invoices for Consultant C were prepared and submitted by a company employee, rather than by Consultant C until 2019. Until 2019, no Company employee substantively reviewed

the invoices, i.e., to determine if the services were in fact provided. The invoices were simply approved and paid as long as the amount fell within the overall budget allocated to the Russian Consultants' activities.

15. In particular, with respect to Consultant C, from 2015 to 2018, the Company made payments totaling approximately $461,000 for expense reimbursements that lacked documentation and that the Company therefore could not substantively review. These payments included the following:

a. In June 2015, Consultant C submitted an invoice for the equivalent of $57,000, which stated it was for "bill draft and submission." Consultant C claimed the request was an expense reimbursement to retain lawyers to draft legislation for the Duma, Russia's lower house of parliament. However, there is no record of what attorneys were retained nor whether any draft legislation was provided to the Duma. A contemporaneous email from a Company employee stated that the invoice "is urgent now and needs to be paid this week. The bill is going to the Duma and could be rejected if we don't pay." The Company employee responsible for reviewing and approving the invoice made no further inquiries as to the nature of the expense and the Company paid the invoice on June 10, 2015.

b. In 2016, the Company made two separate payments totaling approximately $22,000 to Consultant C as reimbursement for expenses described in supporting e-mails alternatively as payments "regarding Roskomnadzor" or "to cover [Consultant C's] payment to Roskomnadzor" or "to cover [Consultant C's] second payment to RSKM"[2] – While these descriptions refer to "payments" to a Russian government agency, no receipt or other proof of payment to RSKM was provided. Moreover, the Company inaccurately recorded payments to Consultant C as "Lobbying Fees / Rent – Offices."

c. From March 2017 to January 2018, the Company made six payments totaling approximately $139,000 to Consultant C as lobbying fees or costs, without any supporting documentation. Contemporaneous emails indicate that some funds were to reimburse Consultant C for New Year's gifts to individuals including Russian government officials, which relevant Company policies prohibited.

Failure to Accurately Record Consultant Payments

16. During the Relevant Period, the Company consistently recorded payments to Consultant B as "lobbying" expenses or "CIS MKTG" (Marketing), despite Consultant B's having been purportedly engaged to provide legal services.

[2] "Roskomnadzor," also abbreviated as "RSKM" or "Roskom," is a Russian state agency responsible for, among other things, administering Russian internet censorship filters. During the Relevant Period, Roskom on numerous occasions blocked the Company's online poker sites, thereby negatively affecting the Company's operations in Russia.

Consulting Company A

17. In addition to the individual Russian Consultants, the Company in January 2015 also retained Consulting Company A to, among other things, consult regarding Russian gaming legislation and liaise with Russian government officials. Without any indication that Consulting Company A provided any of its contracted-for services and despite numerous red flags around its retention, the Company paid Consulting Company A a total of $2 million across multiple payments in 2015, half of which the Company paid after registering its securities with the Commission.

18. As early as August 2014, the Company considered proposals from Consultant A to retain a new consultant to assist in the Company's efforts to legalize poker in Russia; the Company ultimately retained Consulting Company A at the urging of Consultant A and the Company's local regional manager. Numerous red flags regarding the retention existed at the time that the Company retained Consulting Company A. For example, Consulting Company A was registered in Belize and maintained its payment account in Latvia, two foreign jurisdictions unrelated to the services to be provided. Further, the payments to be made by the Company to Consulting Company A were initially described to the Company's senior management as being for a "success fee" regarding getting legislation passed in Russia but later were described as a retainer fee to employ lawyers and other consultants to draft legislation.

19. Nevertheless, the Company did almost no due diligence regarding Consulting Company A, only performing a public records database search for Consulting Company A, and taking no steps to investigate its principals or ultimate beneficial owner.

20. Despite the aforementioned red flags and lack of diligence, the Company in January 2015 signed a services contract with Consulting Company A. That contract, which was never counter-signed, did not contain any anticorruption provisions, in violation of relevant Company policies.

21. Following the retention of Consulting Company A, the Company performed little to no follow-up or monitoring of the relationship. The only documentation submitted by Consulting Company A to justify its payments were monthly invoices, perfunctory documents containing no detail about any services provided by Consulting Company A or related expenses it may have incurred. No one reviewing or approving those payments checked to ensure that Consulting Company A was in fact providing services to the Company.

22. Of the $2 million the Company paid to Consulting Company A, $1 million was paid while the Company's securities were registered with the Commission. The Company recorded these payments as "lobbying fees" but, as detailed above, the Company was at no point provided with documentary justification to support this accounting.

Legal Standards and Violations

23. Under Exchange Act Section 21C(a), the Commission may impose a cease-and-desist order upon any person who is violating, has violated, or is about to violate any provision of

the Exchange Act or any regulation thereunder, and upon any other person that is, was, or would be a cause of the violation, due to an act or omission the person knew or should have known would contribute to such violation.

24. As a result of the conduct described above, the Company violated Section 13(b)(2)(A) of the Exchange Act, which requires issuers with a class of securities registered pursuant to Section 12 of the Exchange Act and issuers with reporting obligations pursuant to Section 15(d) of the Exchange Act to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets.

25. As a result of the conduct described above, the Company violated Section 13(b)(2)(B) of the Exchange Act, which requires issuers with a class of securities registered pursuant to Section 12 of the Exchange Act and issuers with reporting obligations pursuant to Section 15(d) of the Exchange Act to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary (I) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and (II) to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

Flutter's Cooperation and Remedial Efforts and Subsequent Events

26. In determining to accept the Offer, the Commission considered the Company's and Flutter's cooperation and remedial efforts. The Company's and Flutter's cooperation included sharing facts developed in the course of its own internal investigation and forensic accounting reviews, providing translated copies of various documents and relevant witness statements, and encouraging parties outside of the Commission's subpoena power to provide relevant evidence and information. Flutter's remedial measures have included taking steps intended to enhance its internal accounting controls, global compliance organization, and its policies and procedures regarding due diligence, use of third parties, and maintenance of adequate records. Flutter has also terminated its relationship with Consultants A and C in March 2021; withdrawn from the Russian market following Russia's invasion of Ukraine in early 2022; and is winding down its relationship with Consultant B, who remains engaged for the limited purpose of assisting with the closure of the Russia business.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent Flutter's Offer.

Accordingly, pursuant to Section 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondent shall cease and desist from committing or causing any violations and any future violations of Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act.

B. Respondents shall, within 30 days of the entry of this Order, pay a civil money penalty in the amount of $4,000,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

Payment must be made in one of the following ways:

(1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at http://www.sec.gov/about/offices/ofm.htm; or

(3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Flutter as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Melissa Hodgman, Associate Director, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549.

* * *

C. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, it shall not argue that it is entitled to, nor shall it benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that it shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

By the Commission.

Vanessa A. Countryman
Secretary