

Maryland Lottery and Gaming Control Agency

Larry Hogan, Governor • Gordon Medenica, Director



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TO: Maryland Lottery and Gaming Control Commission
Gordon Medenica, Director
Jim Nielsen, COO

FROM: John J. Mooney

DIVISION: Managing Director, Regulatory Oversight

DATE: November 9, 2020

SUBJECT: Report for the November Commission Meeting

Commission Action Item –

Manufacturers License Renewal Hearing

Incredible Technologies, Inc.

Commission Action Items – Consent Agenda

Licensing Denial/Revocation Reversals

One of the requirements for a gaming license is proof of financial stability. A *delinquent* debt owed to Maryland's Central Collections Unit ("CCU") renders an applicant or licensee unqualified for failure to prove financial stability. During the pandemic, the Governor issued Executive Orders declaring a state of emergency, and postponing certain deadlines until after the state of emergency ends. We have recently learned that CCU has not been actively pursuing its collection of State debts during the pandemic, and therefore does not currently consider them "delinquent."

Prior to learning of CCU's policy, the Licensing staff was continuing to process gaming license applications and check current licensees' qualifications. During this time, twenty-five (25) individuals were found to have unpaid CCU debts, and after staff provided proper notices to the individuals, the Commission on its monthly meeting consent agenda either denied or revoked their licenses. In view of CCU's stance that unpaid State debts are not currently "delinquent," we believe that we should also not view an individual with a delinquent CCU debt to be financially unstable. We have reviewed the license denials and revocations of individuals that, during the pandemic, were based *solely* on delinquent CCU debts, and we believe the fairest course is for the Commission to reverse those denials and revocations in the same manner they were issued – via consent agenda.

Located on the Agency's Shared Drive under Commission Files (November 2020) there is a spreadsheet (CCU Denials) that lists the twenty-five (25) denials and revocations

Commission Action Items – Consent Agenda

Violations:

Rocky Gap Casino – Regulatory Violations – October 2019
Rocky Gap Casino – Regulatory Violations – December 2019
Rocky Gap Casino – Regulatory Violation – September 2020
Rocky Gap Casino – Underage Violation – Case No. 2020-04-001
Maryland Live Casino – Regulatory Violation – August 2020
Hollywood Casino – Regulatory Violation – August 2020
Horseshoe Casino – Regulatory Violations – January 2020
Horseshoe Casino – Regulatory Violations – February 2020

Commission Action Items – Consent Agenda

There are five (5) gaming license applications recommended for denial/revocation based on the applicant's criminal history or failure to cooperate with, or provide requested information to, a background investigator.

Commission Action:

It is requested that the Commission adopt as final the recommendation of the Director, or the Director's designee, for denial/revocation of the specified gaming license applications for the respective applicant's failure to establish his/her qualifications by clear and convincing evidence.

Please see the description below. A spreadsheet containing the denials/revocations is on the MLGCA shared drive under commission reports.

Note to Commissioners:

The spreadsheet on the MLGCA Shared Drive under Commission Reports (Mooney Confidential, licensing denial/revocations), contains names of five (5) gaming license applicants for whom Staff has recommended denial/revocation of their applications for gaming license for failure to prove by clear and convincing evidence that they meet the statutory requirements for licensure. *See* State Gov't, Section 9-1A-14 (below). The license applications were recommended for denial/revocation after Licensing Division Staff conducted an investigation.

COMAR sets forth the applicant's rights if his/her gaming license application is recommended for denial/revocation. An applicant has a right to timely request a reconsideration meeting, and, if he or she is dissatisfied with the recommendation following the reconsideration meeting, the applicant may timely request a full hearing before the Commission. If the applicant fails to exercise these rights, the Commission may adopt as final the Director's recommendation to deny the license. Only the Commission, not Staff, is authorized to deny/revoke a gaming license, which is why these recommended denials/revocations are being presented to the Commission.

All of the applicants identified on the spreadsheet were mailed notification of the recommended denial/revocation, and of their right to timely request a reconsideration meeting with the Director or the Director's designee. The majority of the recommended denials/revocations are applicants who did not exercise that right. A smaller group of the recommended denials/revocations are applicants who received a reconsideration meeting and were notified of their right to timely request a full hearing before the Commission, but did not exercise that right.

Staff is requesting that the Commission adopt as final the Director's recommendation to deny/revoke the gaming license applications of five (5) applicants identified on the spreadsheet.

Located on the Agency's Shared Drive under Commission Files (November 2020) there are PDF files for your review. The PDF files contain documentation for each of the recommended denials, including: notice of recommended denial (which includes the basis for the recommendation and notice of right to request reconsideration meeting); documentation that Staff mailed the required notices; and relevant documents from the background investigation conducted by Staff that supports the recommended denial/revocation of the applicant's license application.

Casino Licensing Division

- Licensing staff are working remotely during the pandemic.
- Monthly statistics have been updated and are included in your packet.

Casino Compliance Division

- Compliance staff are working regular shifts now that the casinos have reopened..