

Maryland Lottery and Gaming Control Commission

Larry Hogan, Governor



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MARYLAND LOTTERY AND GAMING CONTROL COMMISSION SPECIAL SPORTS WAGERING COMMISSION MEETING JULY MINUTES

DATE: July 15, 2021

TIME: 10 a.m.

PLACE: Maryland Lottery and Gaming Control Agency
(Meeting conducted via conference call audio link, livestreamed on website)

PRESENT: Chair E. Randolph Marriner
Commissioner F. Vernon Boozer
Commissioner George L. Doetsch, Jr.
Commissioner Michelle Fager
Commissioner James Stakem
Commissioner Jerry E. Williams

John Martin, Director
Jim Nielsen, Deputy Director, Chief Operating Officer
James Logue, Managing Director, Gaming
John Mooney, Managing Director, Regulatory Oversight
Carole Gentry, Managing Director, Communications
James Butler, Managing Director, Organizational Compliance
Holly Citko, Principal Counsel, Attorney General's Office
Kathy Lingo, Executive Assistant

OTHERS: MLGCA Staff

E. Randolph Marriner, Chair

F. Vernon Boozer, George L. Doetsch, Jr., Michelle R. Fager, James J. Stakem, Jerry E. Williams

ROLL CALL

Chair Marriner asked for a roll call to establish that a quorum was present. Roll was called, also on the call were: Commissioners Vernon Boozer, George Doetsch, Michelle Fager, James Stakem, and Jerry Williams.

CALL TO ORDER

Chair Marriner called the meeting of the Maryland Lottery and Gaming Control Commission to order at 10:00 a.m.

APPROVAL OF THE AGENDA

Chair Marriner reported that the Commissioners were provided with a copy of the agenda. There being no changes, Chair Marriner asked for a motion to approve the agenda. Commissioner Doetsch moved, Commissioner Stakem seconded, and the motion was unanimously approved by roll call vote.

Chair Marriner announced Bert Hash's term as a Commissioner for MLGCC ended on June 30, and effective the same date, he was appointed to serve as a Commissioner on the Sports Wagering Application Review Commission (SWARC) as one of the Governor's Appointees.

DISCUSSION OF THE PROPOSED SPORTS WAGERING REGULATIONS

Chair Marriner stated that this Commission meeting is being conducted solely for consideration of the draft of the all-new Sports Wagering regulations. The Sports Wagering Law, formerly known as HB 940, was signed into law on May 18, 2021, codifying an all-new State Government Article, in Title 9, Subtitle 1E, Annotated Code of Maryland. The new law requires the Commission to implement and oversee the State's Sports Wagering Program. This involves conducting background investigations of applicants for sports wagering-related licenses, and determining whether applicants are qualified to be issued a license. The Commission will also approve the operational and technical aspects of every entity that wants to offer sports wagering in Maryland. Going forward the Commission will be responsible for overseeing all sports wagering operations, and is required to regulate sports wagering the same way it regulates the casinos.

Chair Marriner said the law requires the Commission to promulgate regulations on specific items. MLGCA staff have drafted some necessary technical amendments to two existing chapters of the Commission's regulations, and 18 all new Sports Wagering regulations. The Commission was provided with the draft of the regulations and all proposed amendments to existing regulations,, along with a summary of the Sports Wagering Program as laid out in the new law. The new amendments and Sports Wagering regulations are before the Commission today for consideration.

Chair Marriner introduced James Nielsen, Deputy Director, to summarize the proposed amendments and proposed new regulations that are being considered and reviewed today. Mr. Nielsen reported that there are many issues that had to be addressed in the regulations. There are people and businesses covered by the regulations who have never been through anything like this. The format has been made as user-friendly as possible. Staff made three clarifications yesterday to the version previously provided to the Commission, based on some further internal review. The affected pages of the draft are 58, 59, and 123. Yesterday, Mr. Nielsen emailed the affected pages, showing the changes, to the Commissioners. Mr. Nielsen said he would go chapter by chapter on

the new regulations, providing a summary of what each chapter covers, answer any questions, and then need a motion to approve that chapter.

Mr. Nielsen started with the proposed amendments to existing COMAR regulations that are necessary for implementation of sports wagering.

COMAR 36.01.01. – General.

This is an existing chapter. Technical amendments are proposed, and definitions would be added to include Sports Wagering. The amendments clarify that “gaming activity” which Commission members, staff, and related individuals are not allowed to participate in is all the gaming activities regulated by MLGCA. Two regulations would be amended.

Mr. Nielsen asked if there were any questions from the Commissioners. There being no questions, Chair Marriner asked for a motion to approve the amendments to COMAR 36.01.01, General. Commissioner Doetsch moved to approve, Commissioner Fager seconded, and the motion was unanimously approved by roll call vote.

COMAR 36.01.02. - Administrative Procedures

The proposed amendments would incorporate sports wagering, and clarify existing processes where contested case hearings are referred to the Office of Administrative Hearings. Three regulations would be amended.

Mr. Nielsen asked if there were any questions from the Commissioners. There being no questions, Chair Marriner asked for a motion to approve the amendments to COMAR 36.01.02, Administrative Procedures. Commissioner Doetsch moved to approve, Commissioner Stakem seconded, and the motion was unanimously approved by roll call vote.

Mr. Nielsen then moved on to the proposed all new Subtitle 10 to Chapter 36 of COMAR, which is necessary for the implementation of sports wagering.

COMAR 36.10.01. - General

These are all definitions for sports wagering. With very few exceptions, all necessary definitions are placed into this chapter so they will be easy to locate. There are two regulations in this chapter.

Mr. Nielsen asked if there were any questions from the Commissioners. There being no questions, Chair Marriner asked for a motion to approve COMAR 36.10.01. Commissioner Williams moved to approve, Commissioner Doetsch seconded, and the motion was unanimously approved by roll call vote.

COMAR 36.10.02. - All Applicants and Licensees - Applications and Investigations

This chapter contains all the requirements for submitting license applications and background investigations, including who must get a background check, and the cost. These requirements are common to all applicants for all licenses that will be issued. There are more specific application requirements in successive chapters, depending on license category applied for, including application and renewal fees. There are 14 regulations in this chapter.

Mr. Nielsen asked if there were any questions from the Commissioners. There being no questions, Chair Marriner asked for a motion to approve COMAR 36.10.02. Commissioner Williams moved to approve, Commissioner Doetsch seconded, and the motion was unanimously approved by roll call.

COMAR 36.10.03. - All Applicants and Licensees - Qualification Requirements

All applicants and licensees for a license related to Sports Wagering are required to meet the same qualification requirements as applicants and licensees for casinos and casino-related businesses. All applicants and licensees must prove their qualifications, by clear and convincing evidence, for the entire time they are licensed. "Qualifications" include: Financial stability and responsibility; integrity of financial backers and investors; and good character, honesty, and integrity of the applicant. There are six regulations in this chapter.

Mr. Nielsen asked if there were any questions from the Commissioners. There being no questions, Chair Marriner asked for a motion to approve COMAR 36.10.03. Commissioner Stakem moved to approve, Commissioner Doetsch seconded, and the motion was unanimously approved by roll call vote.

COMAR 36.10.04. - Specific Requirements for Sports Wagering Facility Licenses

This chapter contains the requirements for the 'brick and mortar' licenses, which are categories called Class A-1, A-2, B-1, and B-2. These applicants submit separate applications – one to the SWARC, and one to this Commission. The SWARC will promulgate its own regulations to guide its review of applications.

If MLGCC finds an applicant to be qualified, then SWARC may award a license. After SWARC awards the license, then the Commission determines whether the awardee is technically and operationally ready to start conducting in-person Sports Wagering, so MLGCA can issue the license, and the applicant can start sports wagering operations. There are 11 regulations in this chapter.

There were two clarifications in this chapter, which Mr. Nielsen sent to the Commissioners: one in Regulation .07, on page 58 [Fair Hill]; and one in Regulation .08, on page 59 removing redundant word ["device"]. There are 11 regulations in this chapter.

Mr. Nielsen asked if there were any questions from the Commissioners. There being no questions, Chair Marriner asked for a motion to approve COMAR 36.10.04. Commissioner Doetsch moved to approve, Commissioner Stakem seconded, and the motion was unanimously approved by roll call vote.

COMAR 36.10.05. - Specific Requirements for Mobile Sports Wagering Licenses

This chapter contains the requirements for applicants who want to conduct online Sports Wagering. They must submit a separate application to the SWARC, and to this Commission. There are five regulations in this chapter.

Mr. Nielsen asked if there were any questions from the Commissioners. There being no questions, Chair Marriner asked for a motion to approve COMAR 36.10.05. Commissioner Doetsch moved to approve, Commissioner Stakem seconded, and the motion was unanimously approved by roll call vote

COMAR 36.10.06. - Specific Requirements for Other Licenses Required for Sports Wagering

This chapter contains specific requirements for licensure as:

- An online Sports Wagering operator, which operates online wagering for a mobile Sports Wagering licensee;

- A Sports Wagering facility operator, which operates in-person wagering for a Sports Wagering facility licensee;
- A Sports Wagering contractor, which provides services and goods related to sports wagering to any of the above licensees;
- A Sports Wagering employee, who is a Principal Employee, Wagering Employee, or Non-wagering Employee who is employed by any of the above sports wagering licensees; and for
- Registration or certification as a Sports Wagering vendor, which supplies services and goods that are not related to sports wagering.

There are 11 regulations in this chapter.

Mr. Nielsen asked if there were any questions from the Commissioners. There being no questions, Chair Marriner asked for a motion to approve COMAR 36.10.06. Commissioner Doetsch moved to approve, Commissioner Stakem seconded, and the motion was unanimously approved by roll call vote.

COMAR 36.10.07. - License Denial Procedures

This chapter sets out the due process to be afforded an applicant who Commission staff recommends the Commission deny a license application. For contractors and employees, this would be when staff determines that the applicant did not meet qualifications. For sports wagering facility, sports wagering facility operator, mobile sports wagering, and online sports wagering operator applicants, this would be generally if staff finds the applicant is not technologically or operationally ready to securely and legally conduct sports wagering. There are 6 regulations in this chapter.

Mr. Nielsen asked if there were any questions from the Commissioners. There being no questions, Chair Marriner asked for a motion to approve COMAR 36.10.07. Commissioner Doetsch moved to approve, Commissioner Stakem seconded, and the motion was unanimously approved by roll call vote.

COMAR 36.10.08. - Enforcement

This chapter sets out the processes for taking enforcement action against a licensee, including fines, and suspension or revocation of a license. There are 11 regulations in this chapter.

Mr. Nielsen asked if there were any questions from the Commissioners. There being no questions, Chair Marriner asked for a motion to approve COMAR 36.10.08. Commissioner Doetsch moved to approve, Commissioner Stakem seconded, and the motion was unanimously approved by roll call vote.

COMAR 36.10.09. - Unannounced Inspections

This chapters sets out the manner in which the Commission may inspect the premises and records of licensees, and related entities. There are three regulations in this chapter.

Mr. Nielsen asked if there were any questions from the Commissioners. There being no questions, Chair Marriner asked for a motion to approve COMAR 36.10.09. Commissioner Doetsch moved to approve, Commissioner Stakem seconded, and the motion was unanimously approved by roll call vote

COMAR 36.10.10. - Enforcement of Voluntary Exclusion Program

This chapter sets out how licensees may self-exclude areas where in-person Sports Wagering is conducted, and from online wagering. There are three regulations in this chapter.

Mr. Nielsen asked if there were any questions from the Commissioners. There being no questions, Chair Marriner asked for a motion to approve COMAR 36.10.10. Commissioner Doetsch moved to approve, Commissioner Stakem seconded, and the motion was unanimously approved by roll call vote.

COMAR 36.10.11. - Mandatory Exclusion

This chapter describes how an individual may be placed on the mandatory exclusion list of people who are not permitted in Sports Wagering facilities or to make wagers.

There is a clarification in this chapter, on p. 123, in Regulation .09 [clarifying 'exclusion from part of facility where sports wagering occurs']. People will be excluded from the wagering areas, but not necessarily the entire facility. Language was added today to §D(2) on page 123. This section now reads: "(2) Ensuring that excluded individuals and individuals younger than 21 years old are not allowed: (a) To participate in sports wagering; and (b) To enter the part of the premises of a sports wagering licensee where sports wagering is conducted." There are nine regulations in this chapter.

Mr. Nielsen asked if there were any questions from the Commissioners. There being no questions, Chair Marriner asked for a motion to approve COMAR 36.10.11. Commissioner Doetsch moved to approve, Commissioner Stakem seconded, and the motion was unanimously approved by roll call vote.

COMAR 36.10.12. - Collection of Taxes, Fees, and Penalties

This chapter sets out the guidelines for payment, and collection, of taxes, fees, and penalties. There are four regulations in this chapter.

Mr. Nielsen asked if there were any questions from the Commissioners. There being no questions, Chair Marriner asked for a motion to approve COMAR 36.10.12. Commissioner Doetsch moved to approve, Commissioner Stakem seconded, and the motion was unanimously approved by roll call vote.

COMAR 36.10.13. - Sports Wagering Licensee Minimum Internal Control Standards

This chapter details the requirements for accounting, auditing, staffing, promotional play, various kinds of documentation, and reporting of licensee's sports wagering operations. Not all licensees have the same requirements. For instance, only Class A's are required to have a formal cash cage. There are 44 regulations in this chapter.

Mr. Nielsen asked if there were any questions from the Commissioners. There being no questions, Chair Marriner asked for a motion to approve COMAR 36.10.13. Commissioner Doetsch moved to approve, Commissioner Stakem seconded, and the motion was unanimously approved by roll call vote.

COMAR 36.10.14. - Sports Wagering Requirements and Limitations

This chapter sets out requirements about approval of bet types, prohibited wagers, reserve requirements, limits on wagers, funding of wagers, and complaints about wagers. There are seven regulations in this chapter.

Mr. Nielsen asked if there were any questions from the Commissioners. There being no questions, Chair Marriner asked for a motion to approve COMAR 36.10.14. Commissioner Doetsch moved to approve, Commissioner Stakem seconded, and the motion was unanimously approved by roll call vote.

COMAR 36.10.15. - Sports Wagering Licensee Facility Standards

This chapter sets out requirements for Commission approval of facility plans and designs. The standards vary. For example, the space for Commission staff at Class B locations doesn't need to be dedicated. There are four regulations in this chapter.

Mr. Nielsen asked if there were any questions from the Commissioners. There being no questions, Chair Marriner asked for a motion to approve COMAR 36.10.15. Commissioner Doetsch moved to approve, Commissioner Stakem seconded, and the motion was unanimously approved by roll call vote.

COMAR 36.10.16. - Wagering Made Through Online, Web-based, or Mobile Applications

This chapter sets out requirements about geolocation, age verification, data security, and the limitation on a mobile Sports Wagering licensee using only one individually branded website. There are six regulations in this chapter.

Mr. Nielsen asked if there were any questions from the Commissioners. There being no questions, Chair Marriner asked for a motion to approve COMAR 36.10.16. Commissioner Doetsch moved to approve, Commissioner Stakem seconded, and the motion was unanimously approved by roll call vote.

COMAR 36.10.17. - Sports Wagering Equipment

This chapter covers registration, testing, and authorization of kiosks. There are three regulations in this chapter.

Mr. Nielsen asked if there were any questions from the Commissioners. There being no questions, Chair Marriner asked for a motion to approve COMAR 36.10.17. Commissioner Doetsch moved to approve, Commissioner Stakem seconded, and the motion was unanimously approved by roll call vote.

COMAR 36.10.18. -Sports Wagering Technical Standards

This chapter sets out the technical requirements for mobile and online Sports Wagering operator licensees, including for wagering platforms, geolocation systems, security, and bettor accounts. There are six regulations in this chapter.

Mr. Nielsen asked if there were any questions from the Commissioners. There being no questions, Chair Marriner asked for a motion to approve COMAR 36.10.18. Commissioner Doetsch moved to approve, Commissioner Stakem seconded, and the motion was unanimously approved by roll call vote.

ADDITIONAL MOTIONS

Motion to Approve Promulgation

Chair Marriner next asked for a motion to approve promulgation of all the proposed amendments and new Sports Wagering regulations as both emergency and non-emergency. Commissioner Doetsch moved to approve, Commissioner Stakem seconded, and the motion was unanimously approved by roll call vote.

Motion for Delegation to Staff

Chair Marriner then asked for a motion to delegate to Agency staff the authority to make any non-substantive edits to the approved regulations that may be necessary for publication of the regulations in the *Maryland Register*. Commissioner Doetsch moved to approve, Commissioner Stakem seconded, and the motion was unanimously approved by roll call vote.

DATE AND TIME OF NEXT MEETING

The next Commission Meeting will be held on Thursday, August 26, 2021, at 10:00 a.m. and will be conducted by audio conference. In September the meeting will go back live again at MLGCA headquarters.

ADJOURNMENT

There being no further business, Chair Marriner adjourned the meeting at 10:32 a.m.

Respectfully submitted,


John Martin
Director