



Lottery and Gaming Control Commission

1800 Washington Boulevard, Suite 330, Baltimore, MD 21230

**In Re the Application of
CBAC Borrower, LLC
d/b/a Horseshoe Casino Baltimore**

For a Sports Wagering Facility License

**License Applicant Number 2021-SW-03
QUALIFICATION HEARING
October 4, 2021**

**EXECUTIVE SUMMARY
OF BACKGROUND INVESTIGATION**

EXECUTIVE SUMMARY

Introduction

CBAC Borrower, LLC (Horseshoe Casino Baltimore) submitted a Sports Wagering Facility License Application on September 15, 2021, to be licensed by the Maryland Lottery and Gaming Control Commission (MLGCC) as a sports wagering facility. Horseshoe Casino features 1,762 video lottery terminals, 137 table games, and a World Series of Poker room.

The casino is located along Russell Street on Baltimore's south side, neighboring professional sports venues M&T Bank Stadium, home of the NFL Baltimore Ravens, and Camden Yards, home of the MLB Baltimore Orioles, as well as Baltimore's Inner Harbor.

Maryland's Sports Wagering Law is found in State Government Article ("SG"), Title 9, Subtitle 1E, Annotated Code of Maryland and the Commission's sports wagering regulations in Code of Maryland Regulations ("COMAR") 36.10 (collectively, "the Sports Wagering Law"). The Sports Wagering Law also includes and incorporates applicable licensing requirements in SG, Title 9, Subtitle 1A, and COMAR 36.03 (collectively, the "the Gaming Law"), which establishes requirements for all casino-related licenses. An applicant for a license related to sports wagering must meet all applicable qualification requirements set forth in both the Sports Wagering Law and the Gaming Law.

The Maryland Lottery and Gaming Control Commission ("Commission") must determine whether an applicant meets qualification requirements. Staff of the Maryland Lottery and Gaming Control Agency ("Agency") is required to conduct a background investigation on all applicants for sports wagering licenses to ensure that they meet applicable qualification requirements.

Application of Alternative Licensing Standards

The Sports Wagering Law authorizes the Commission to establish an abbreviated process for qualifying and licensing an applicant that holds a valid license in another state, if the Commission determines that the licensing standards of the issuing agency in the other state are comprehensive and thorough, and provide similar safeguards to those in the Sports Wagering Law. Staff has identified several states with acceptable sports wagering license standards: Arkansas, Illinois, Kansas,

Louisiana, Mississippi, Missouri, Nevada, New Jersey, New York, Pennsylvania, Rhode Island, Wisconsin, Colorado, Michigan, Massachusetts and Virginia.

Because Maryland's qualification standards for a casino-related license are identical to and specifically incorporated in the Sports Wagering Law, and are therefore, clearly sufficient for qualifying an applicant for a sports wagering license on that basis.

Process

An applicant for a sports wagering-related license may submit a written request for the Commission to find it qualified for a Maryland license under the alternative licensing process described in COMAR 36.10.02.12. If the request is granted, the applicant may be qualified for a license before the Agency conducts a full background investigation.

The Commission may only apply the alternative licensing process if the applicant holds a valid, current gaming or sports wagering-related license in at least one of the states identified as having acceptable comparative standards.

An applicant that submits a request for the application of alternative licensing standards specifically acknowledges that a full background investigation will be conducted, and that if Staff ever determines that the applicant or licensee, if licensed, does not meet a Commission standard, the Commission may take enforcement action, up to and including revocation of the license. These acknowledgements are memorialized in the Affidavit in Support of Applicant's Request to Apply Alternative Licensing Standards in Support of an Application for a Sports Wagering License ("Affidavit") the applicant has submitted.

The Commission's decision to abbreviate an applicant's licensing process on this basis is discretionary. The Commission may exercise its discretion to deny the request, place conditions on the license, or take any other necessary action to protect the State's interests.

Regulatory History of Applicant

On August 24, 2014, the Maryland Lottery and Gaming Control Commission ("MLGCC") awarded a Video Lottery Operation License to CBAC Borrower, LLC. The company owns and operates Horseshoe Casino Baltimore located in Baltimore

City, Maryland. The video lottery operation license expires on August 23, 2029. Staff is not aware of any unresolved issues that negatively impact the Applicant's qualifications and MLGCA has otherwise found no derogatory information regarding CBAC Borrowers, LLC's qualifications to be licensed for a sports wagering facility license.

Ownership of Applicant

The casino is owned by CBAC Borrower LLC (CBAC), a group led by Caesars Entertainment, Inc. Other members of the CBAC consortium include CVPR Gaming Holdings, LLC and PRT Two, LLC.

Principal Qualifiers

Currently, there are no new Principals listed for CBAC Borrower, LLC in relation to its sports wagering application. All of its current Principals and related Principal Entities are currently licensed by MLGCA and in good standing. Any future Principals involved in its pending sports wagering operation will be required to submit the appropriate applications to the MLGCA for review and approval.

Licensing Inquiry

CBAC Borrower, LLC (Caesars Entertainment, Inc.) submitted a Request for Application of Alternative Licensing Standards in support of its application for a Sports Wagering Facility License. A regulatory review conducted by MLGCA staff revealed that CBAC Borrower LLC (Caesars Entertainment, Inc.) holds a current license in these Commission-approved states:

- Nevada Gaming Control Board
 - Type of License(s): Sports Wagering
 - Active Date: 04/22/2021
 - Status: Valid and In Good Standing

- Mississippi Gaming Commission
 - Type of License(s): Sports Wagering
 - Active Date: 8/16/2022
 - Status: Valid and In Good Standing

- Pennsylvania Gaming Control Board]
 - Type of License(s): Sports Wagering Operation
 - Expiration Date: 5/19/25
 - Status: Valid and In Good Standing

Conclusion and Recommendations

Along with the Request for Application of Alternative Licensing Standards and Affidavit, the Applicant has submitted: a completed Sports Wagering Facility License Application, an affidavit attesting to the minority- and women-owned interests of the applicant, all required fees, and proof of adequate bond.

MLGCA's inquiry with the states identified above confirms that the licenses issued by those states are current and valid. The applicant's Maryland Video Lottery and Table Games Operation License is also current and valid, and Staff is not aware of information that would indicate CBAC Borrower, LLC. (Horseshoe Casino Baltimore) fails to meet the Commission's qualification requirements.

Staff recommends that the Commission find CBAC Borrower, LLC. (Horseshoe Casino Baltimore) qualified for a Sports Wagering Facility License based on the alternative licensing standards provisions in the Sports Wagering Law by clear and convincing evidence.

Staff recommends that the Commission entertains motions to:

1. Find that CBAC Borrower, LLC d/b/a Horseshoe Casino Baltimore has established by application of alternative licensing standards that it is qualified for a Sports Wagering Facility License by clear and convincing evidence;
2. Delegate to Staff the authority to draft a decision statement of the Commission's decision on the qualification of CBAC Borrower, LLC d/b/a Horseshoe Casino Baltimore; and
3. Direct the Secretary of the Commission to transmit the decision statement to the Sports Wagering Application Review Commission.