

# Maryland Lottery and Gaming Control Commission

Larry Hogan, Governor



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## MARYLAND LOTTERY AND GAMING CONTROL COMMISSION OCTOBER MINUTES

- DATE:** October 21, 2021
- TIME:** 10 a.m.
- PLACE:** Maryland Lottery and Gaming Control Agency  
(Meeting conducted in-person and via audio/video conference call)
- PRESENT:** Chair E. Randolph Marriner  
Commissioner F. Vernon Boozer  
Commissioner George L. Doetsch, Jr.  
Commissioner Michelle Fager  
Commissioner Harold Hodges  
Commissioner James Stakem  
Commissioner Jerry E. Williams
- John Martin, Director  
James Nielsen, Deputy Director, Chief Operating Officer  
James Butler, Assistant Deputy Director, Chief of Staff  
James Logue, Managing Director, Gaming  
John Mooney, Managing Director, Regulatory Oversight  
Paula Yocum, Managing Director, Chief Financial Officer  
Holly Citko, Principal Counsel, Attorney General's Office  
Kathy Lingo, Executive Assistant
- OTHERS:** Representative from Hollywood Casino Perryville  
Representative from Ocean Downs Casino  
Representative from Live! Casino  
Representative from Rocky Gap Casino Resort  
Representative from Horseshoe Casino Baltimore  
Representative from MGM National Harbor  
MLGCA Staff

**E. Randolph Marriner, Chair**

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

## **ROLL CALL**

Chair Marriner asked for a roll call to establish that a quorum was present. Present in person at the meeting with Chair Marriner was Vice Chair George Doetsch. Present via audio/video conference were: Commissioners Vernon Boozer, Michelle Fager, Harold Hodges, 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. Chair Marriner asked for a motion to approve the agenda. Vice Chair Doetsch moved, Commissioner Stakem seconded, and the motion was unanimously approved by roll call vote.

## **APPROVAL OF THE MINUTES**

Chair Marriner stated that the September 23, 2021, open session minutes and October 6, 2021, special meeting minutes were provided to the Commissioners for review, and asked if there were any changes on either. There were no changes.

Vice Chair Doetsch moved to approve the September 23, 2021, minutes, Commissioner Williams seconded, and the motion was unanimously approved by roll call vote.

Vice Chair Doetsch then moved to approve the October 6, 2021, minutes, Commissioner Stakem seconded, and the motion was unanimously approved by roll call vote.

## **CONSENT AGENDA**

Chair Marriner said the Consent Agenda contains four new instant ticket games for the Commission's approval: #563 (\$1) *Monopoly x5*; #564 (\$2) *Monopoly x10*; #565 (\$5) *Monopoly x20*; and #566 (\$10) *Monopoly x50*; EGD Games and Component Testing Certified Lab Software, Hardware and Game Certifications for VLTs, Table Game Components, and Instant Bingo Machines (9/9/21 - 10/7/21); Consent Agreements for Regulatory Violations - Rocky Gap Casino - May and June 2021; Gaming License Application Denials/Revocations; and Staff Reports from James Butler, Assistant Deputy Director, Chief of Staff; Alvin Ringgold, Senior Director of Sales; James Logue, Managing Director, Gaming; Paula Yocum, Managing Director, Chief Financial Officer; Carole Gentry, Managing Director, Communications; Jill Baer, Director, Creative Services; and Holly Citko, Principal Counsel, Office of the Attorney General.

Chair Marriner asked if any Commissioners wished to remove any items from the Consent Agenda. There were no requests for removal. Chair Marriner asked for a motion to approve the consent agenda as noted above. Motion to approve was made by Commissioner Williams, seconded by Vice Chair Doetsch, and the motion was unanimously approved by roll call vote.

## **OPERATOR REPORTS**

### **Hollywood Casino Perryville**

Mr. Timothy Shea, Vice President, Operations, reported that September gaming revenue was up 23%, with slot machines up 29% and table games up 8%. In the community, Hollywood Casino was a title sponsor for the inaugural Susquehanna Wine and Seafood Festival. Promotional events include a Carnival cruise giveaway that was scheduled for October 23. Team members will be volunteering with Habitat for Humanity on October 29 and November 6. The casino will be building out the new welcome center for the casino's loyalty program, Penn National Gaming, which will be ready by the middle of November. Donation modules are set up at kiosks for guests to donate their Tito tickets for for charity.

### **Ocean Downs Casino**

Ms. Bobbi Sample, General Manager, reported that September gaming revenue was up 17.4%, with slot machines up 15.4% driven by volume, and table games up 36%, driven by both volume and hold. October is trending positive, although Ocean Downs typically has seasonal declines in the Fall. The smoking patio is currently closed while under construction, which will double the number of games in that area. Promotions for October are focused on rated play, including Spooky Sundays, and a VIP invitational slot tournament. In November, the casino plans to recognize its team members and leaders of the quarter.

### **Live! Casino**

Mr. Anthony Faranca, Executive Vice President, General Manager, reported that September was a solid month, with total gaming and non-gaming revenue at \$63 million, up 15% compared to 2019. Slot machine revenue was up 18%, and table games were up 27%, driven by hold. Poker declined 3% compared to 2019. Total gaming revenue was \$57 million, up 20% from 2019. Non-gaming revenue was \$6.6 million, down 13%, which is expected since one of the restaurants and the spa have been closed due to COVID-19. Mr. Faranca added that the restaurant is scheduled to reopen in November. Recent entertainment events include a Patti LaBelle concert, and Live! also held events and prize giveaways to celebrate the Asian Mid-Autumn Festival. Live! hosted an evening of professional boxing matches on October 23. New Year's Eve planning is underway, as well as plans for the 2022 events calendar. In the community, Live! was a primary sponsor for the 31<sup>st</sup> Annual Kunta Kinte Festival held on September 25. In October, the casino supported OBI (Opportunity Builders, Inc.), which fosters inclusion in local communities for people with disabilities. Live! also held the Annual Marines Helping Heroes 5K Challenge on the property, saluting service members. Live! is currently planning celebrations for team members in December, including cash prizes and a new car giveaway.

### **Rocky Gap Casino**

Mr. Skylar Dice, Vice President, General Manager, reported that September gaming revenue was up 6.4%, led by growth in slot machine revenue. There has been an increase in smaller group business. The casino has focused on lean marketing efforts for guests and team members to ensure a safe social distancing. Concerts have been postponed for safety reasons. The casino is requiring employees to wear face coverings, and is working with local health officials to get more people vaccinated for COVID-19. In September, Rocky Gap sponsored the Dragon Lake Event, and in October the casino is a lead sponsor for the Hooley Plunge, which was moved from March to October. The event benefits the Special Olympics of Allegany County and other developmentally

disabled programs. The casino has received positive feedback from guests and team members regarding the upgrades to the Lakeside Grill, and addition of the sports lounge for watching sporting events.

### **Horseshoe Casino**

Mr. Randy Conroy, Vice President, General Manager, introduced Lee Howard, Vice President of Gaming Operations, who transferred from Harrah's New Orleans, and is a top gaming leader. Horseshoe's slot machine revenue was \$11.9 million in September, up slightly from last year, and table game revenue was \$5.6 million, down compared to 2020. Baltimore Ravens home games have drawn an influx of casino customers in October. Horseshoe is currently preparing for sports wagering, and construction is underway for the new restaurant Brew Brothers. The entire team is going through compliance training that covers responsible gaming, anti-money laundering, ethics, anti-harassment, and safety. In the community, Horseshoe is supporting breast cancer awareness programs, and will be doing holiday food drives in November and December.

### **MGM National Harbor**

Mr. Jeffrey Shrader, Vice President and Legal Counsel, reported that September was the second-best month in the property's history, with gaming revenue up 20% compared to 2019, led by a 27% increase in table games and 18% increase in slot machines. Recent promotions included the Fall into Free Play during September, with the number of redemptions up significantly from the same promotion in 2020. Wind Down Thursdays on the plaza featuring live music have been a significant driver of visits to the property. MGM National Harbor hosted a \$750,000 Winner Take All Blackjack Tournament with an increase in table drop of 23%, compared to the March \$500,000 tournament. Entertainment at the casino has been diverse, including Impractical Jokers, Joe Gatto, Chico Bean, and Chaka Kahn. In the community, MGM National Harbor sponsored the Susan G. Komen More Than Pink Walk for breast cancer awareness, partnered on a Potomac River clean-up event with the Alice Ferguson Foundation, and volunteered with Habitat for Humanity to build play houses for children's organizations.

### **STAFF REPORTS**

#### ***Director's Report – John Martin, Director***

Mr. Martin reported that September Lottery sales were up 11.3% year-over-year, driven primarily by Powerball and Mega Millions. The Multi-Match jackpot continues to grow, and Fast Play sales are strong. Through the first quarter of Fiscal Year 2022, sales are up 7.6% compared to FY2021, when the Lottery set an all-time sales record. Lottery profits are roughly even compared to FY2021. On October 5-7, the North American Association of State and Provincial Lotteries (NASPL) held its annual conference, and the Maryland Lottery received three awards: best original music in a television commercial for Ravens Love Football; best corporate communications for The Gazette employee newsletter; and best potpourri promotion for the \$2 Million VaxCash Promotion.

Fiscal year-to-date casino revenue is up 18.7% compared to FY2021, while contributions to the state are up nearly 22% year-over-year.

The Maryland Charity Campaign is going on over the next several weeks, and Agency Staff typically make substantial contributions. On October 6, MLGCA Staff and employees from a number of other state agencies participated in Governor Hogan's annual "Just Serve" community service initiative.

This year's project took place at Carroll Park and involved sprucing up the grounds at the Park's Mount Clare Museum House.

***Deputy Director's Report – James Nielsen, Deputy Director, Chief Operating Officer***

There being no questions on Mr. Nielsen's monthly report, he proceeded with his Commission Action Item.

***Commission Action Item – Contract with WBAL for Televising Lottery Draw Games and Other Services (#2017-02) – 2<sup>nd</sup> Renewal Option***

Mr. Nielsen said the original three-year term of this contract expired on December 10, 2020, and the first of two available one-year renewal options was previously exercised, extending the term to December 11, 2020 through December 10, 2021. The MLGCA seeks to exercise the second (and final) renewal option for the term of December 11, 2021 through December 10, 2022 in the amount of \$1,403,004, as specified in the original contract. It is anticipated that, subject to Commission approval, this renewal will be submitted to DGS to be included for review/approval on the agenda for the November 3, 2021 BPW meeting. MLGCA Staff recommend approval of this renewal option.

Chair Marriner asked for a motion to approve the second renewal option. Vice Chair Doetsch moved, and Commissioner Williams seconded. The motion was unanimously approved by roll call vote.

***Regulatory Oversight – John Mooney, Managing Director***

There being no questions on Mr. Mooney's monthly report, he proceeded with his Commission Action Items.

***Commission Action Items – TWO QUALIFICATION HEARINGS***

Chair Marriner stated that the Commission would conduct qualification hearings for two applicants for sports wagering facility licenses: Penn Cecil Maryland, LLC d/b/a Hollywood Casino Perryville; and Old Bay Gaming and Racing, LLC d/b/a Casino at Ocean Downs (OE589). Chair Marriner collectively administered the oath to those who may testify or answer a question in any of the hearings. He stated that Mr. Mooney would conduct a separate hearing for each applicant and describe the results of MLGCA Staff's investigation into each applicant. Chair Marriner stated that anyone on the call for the hearing on behalf of the applicants may speak. The Commission may also ask questions of Staff or an applicant representative. At the end of each hearing, Chair Marriner will ask for a motion to find the applicant qualified by application of alternative licensing standards for a sports wagering facility license. If found qualified, the Chair will ask for a motion to direct the Staff to draft a decision statement and for the Secretary of the Commission to transmit it to the Sports Wagering Application Review Commission (SWARC). Chair Marriner then administered the oath to: Mr. Phil Metz, Mr. Michael Pfisterer, and Mr. John Mooney from MLGCA; Ms. Bobbi Sample, General Manager, from Ocean Downs Casino; and Mr. Timothy Shea, Vice President, Operations, from Hollywood Casino Perryville.

Mr. Mooney reported that before the Commission are two hearings in which the MLGCA is requesting the Commission to determine whether the applicants are qualified for sports wagering facility licenses:

1. Old Bay Gaming and Racing, LLC d/b/a Casino at Ocean Downs (OE589); and

2. Penn Cecil Maryland, LLC d/b/a Hollywood Casino Perryville.

The Commission has delegated to Agency Staff its authority to decide whether to apply an alternative licensing standard to an applicant. The Sports Wagering Law requires the Commission to regulate sports wagering to the same extent that it regulates casino licensing and operations under the Gaming Law (SG, Title 9, Subtitle 1A). The two applicants before the Commission for qualification hearings hold current, valid casino operation licenses that this Commission has issued. Therefore, they already meet the Commission's sports wagering qualification standards. However, the Sports Wagering Law requires a person intending to conduct or offer sports wagering in its facility or on its premises to apply for a separate sports wagering facility license and undergo an extensive background investigation, be found qualified, and be issued a separate sports wagering facility license before it may commence sports wagering operations. These two applicants are before the Commission requesting that the Commission find them qualified for sports wagering facility licenses by applying alternative licensing standards based on their current valid casino and sports wagering licenses. Because at a minimum, the two applicants hold a valid MLGCC gaming license, Agency Staff have decided to apply alternative licensing standards to each applicant to satisfy the qualification requirements before the Agency conducts a full background investigation. Agency Staff will complete an extensive background investigation of each applicant in due course. The hearings will proceed separately and Mr. Mooney will request an appropriate motion from the Commission at the end of each hearing. Following each sports wagering facility license applicant's qualification hearing, Agency Staff recommend the Commission find each applicant qualified for a sports wagering facility license by application of alternative licensing standards.

Mr. Mooney reported that 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 are 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.

Mr. Mooney proceeded to present each of the applicants for approval.

***Commission Action Item – Ocean Downs Casino – Qualification Hearing***

Mr. Mooney reported that Old Bay Gaming and Racing, LLC d/b/a Ocean Down Casino (Ocean Downs Casino) is the holder of the video lottery operation license in Maryland and is the owner and operator of Ocean Downs Casino, an entertainment facility and harness racing track. The facility currently has 70,000 square feet of gaming space with 862 slot machines, and 18 table games. Ocean Downs Casino has applied for a sports wagering facility license.

Mr. Mooney reviewed the regulatory history, ownership of the applicant and the principal qualifiers of Old Bay Gaming and Racing, LLC d/b/a Ocean Downs Casino (Ocean Downs Casino). He noted that Ocean Downs Casino submitted its request for a sports wagering facility license, and listed the states in which Ocean Downs Casino currently holds a current license. Mr. Mooney said that MLGCA Staff recommends that the Commission entertain motions to find that Ocean Downs Casino has established by application of alternative licensing standards that it is qualified for a sports wagering facility license by clear and convincing evidence; delegate to Agency Staff the authority to draft a written statement of the Commission's decision on the qualification of Ocean Downs Casino and submit it to the applicant as soon as possible; and to direct the Secretary of the

Commission to transmit the decision statement to the Sports Wagering Application Review Commission (SWARC).

Ms. Bobbi Sample thanked the agency Staff for their work through the process.

Chair Marriner asked for a Motion to find that Ocean Downs Casino has established by application of alternative licensing standards that it is qualified for a Sports Wagering Facility License by clear and convincing evidence. Vice Chair Doetsch, moved, Commissioner Stakem seconded, and the motion was unanimously approved by roll call vote.

Chair Marriner then asked for a Motion to direct Staff to draft a decision statement of the Commission on the Commission's decision on the qualification of Old Bay Gaming and Racing, LLC d/b/a Ocean Down Casino. Vice Chair Doetsch moved, Commissioner Stakem seconded, and the motion was unanimously approved by roll call vote.

Chair Marriner then asked for a Motion to direct the Secretary of the Commission to transmit the decision statement to the Sports Wagering Review Commission. Vice Chair Doetsch moved, Commissioner Stakem seconded, and the motion was unanimously approved by roll call vote.

#### ***Commission Action Item – Hollywood Casino Perryville – Qualification Hearing***

Mr. Mooney reported that Penn National Gaming, Inc. (PNGI), d/b/a Hollywood Casino Perryville (Hollywood Casino) is the holder of the video lottery operation license for Cecil County, Maryland. Hollywood Casino features 766 slot machines and 16 table games. Hollywood Casino has applied for a sports wagering facility license.

Mr. Mooney reviewed the regulatory history, ownership of the applicant and the principal qualifiers of Hollywood Casino. He noted that Hollywood Casino submitted its request for a sports wagering facility license and listed the states in which Penn National Gaming, Inc., currently holds a current license. Mr. Mooney said that MLGCA recommends that the Commission entertain motions to find that Hollywood Casino has established by application of alternative licensing standards that it is qualified for a sports wagering facility license by clear and convincing evidence; delegate to Agency Staff the authority to draft a written statement of the Commission's decision on the qualification of Hollywood Casino and submit it to the applicant as soon as possible; and to direct the Secretary of the Commission to transmit the decision statement to the Sports Wagering Application Review Commission (SWARC).

Timothy Shea, looking forward to moving forward.

Chair Marriner asked for a Motion to find that Penn National Gaming, Inc. d/b/a Hollywood Casino Perryville has established by application of alternative licensing standards that it is qualified for a Sports Wagering Facility License by clear and convincing evidence. Vice Chair Doetsch moved, Commissioner Stakem seconded, and the motion was unanimously approved by roll call vote.

Chair Marriner then asked for a Motion to direct Staff to draft a decision statement of the Commission on the Commission's decision on the qualification of Penn National Gaming, Inc. d/b/a Hollywood Casino Perryville. Vice Chair Doetsch moved, Commissioner Williams seconded, and the motion was unanimously approved by roll call vote.

Chair Marriner then asked for a Motion to direct the Secretary of the Commission to transmit the decision statement to the Sports Wagering Application Review Commission. Vice Chair Doetsch moved, Commissioner Stakem seconded, and the motion was unanimously approved by roll call vote.

Mr. Mooney concluded with a brief statement to clarify the sports wagering facility license application process:

The Commission has now qualified five applicants for sports wagering facility licenses. But there are many more licensing-related functions that Staff handles on a daily basis.

The Sports Wagering Law requires us to regulate the sports wagering industry just as we do the casino industry. But not everyone is accustomed to this kind of regulation. We want to be as transparent as possible about how we process sports wagering licenses and because we have received some questions along the way, we wanted to publicly give a short overview of how Staff is processing license applications.

Agency Staff generally processes applications for sports wagering related licenses the same way it does casino-related licenses. For each license, Staff accepts the application and fee, conducts a full background investigation to ensure the applicant meets qualifications, and, if qualified, issues the license. The whole license "issuance" process is shorter for individuals and contractors than for other licenses.

Here's what is done for each kind of application:

- (1) Staff conducts background investigations on applicants for:
  - a. All classes of sports wagering facility licenses;
  - b. Sports wagering facility operator licenses;
  - c. Mobile sports wagering licenses; and
  - d. Online sports wagering operators;

For each of those applicants, Staff makes a recommendation to the Commission as to the applicant's qualifications, and presents the recommendation at a Commission hearing. If the Commission finds the applicant qualified, Staff issues the license when the applicant meets all other requirements and is ready to start conducting sports wagering.

- (2) Staff qualifies and issues licenses for:
  - a. sports wagering contractors;
  - b. principal employees;
  - c. gaming or sports wagering employee licenses; and
  - d. non-gaming or non-sports wagering licenses;

- (3) Staff qualifies sports wagering principal entities, which are the applicant's owners who have 5% or more interest or controlling interests. "Principal entities" may also include institutional investors – like banks – who may be eligible for waiver of a full background investigation; and

- (4) Staff register or certify vendors – which are not required to be licensed – based on the dollar amount of annual totals of casino and sports wagering related work they do. "Vendors" include businesses like suppliers of food and beverages.

So that's a thumbnail sketch of the licensing process that Phil and his team are handling. We just wanted to give you this explanation because we have received a lot of questions; there is no action required from the Commission.

Chair Marriner said the commission appreciates all the hard work it takes to complete the process.



**CLOSED SESSION**

There was no need for the Commission to go into a closed session.

**DATE AND TIME OF NEXT MEETING**

The next Commission meeting will be held on Thursday, November 18, 2021, one week earlier due to the holiday, in-person at Maryland Lottery headquarters and via audio/video conference. Chair Marriner noted that additional meetings may be scheduled to review applicants for sports wagering licenses.

**ADJOURNMENT**

There being no further business, Chair Marriner adjourned the meeting at 10:48 a.m.

Respectfully submitted,

  
John Martin  
Director