

QUALIFICATION PROCESS FOR SPORTS WAGERING LICENSES

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.

The typical determination of qualifications involves a detailed review of the entity applying for licensure. Audited financial statements, tax returns, and SEC filings, if any, are all reviewed. Searches are conducted for criminal or other legal proceedings involving the company. Dun and Bradstreet and other records are searched to identify past payment history and business stability. And, a complete analysis of the current and historical business structure is done to identify all parties that may have an ability to exert control over the applicant.

Similarly detailed investigations, covering financial, personal, criminal and litigation histories are conducted for the owners and management of the entities. In all cases, the Agency will not recommend licensure to any business or individual that can't clearly demonstrate that they are qualified to hold a gaming or sports wagering license in Maryland.

Eligibility to Apply 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.

Because Maryland's qualification standards for a casino-related license are specifically incorporated in the Sports Wagering Law, the Commission may also accept Maryland's casino licensing standards and qualify 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 completes 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 three or more of the states identified as having acceptable comparative standards or if they hold a casino-related license in Maryland.

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 approve or deny the request, place conditions on the license, or take any other necessary action to protect the State's interests.