



Lottery and Gaming Control Commission

1800 Washington Boulevard, Suite 330, Baltimore, MD 21230

**In Re the Application of
RSI MD, LLC**

For a Sports Wagering Facility Operator

License Applicant Number 2021-SW-20

QUALIFICATION HEARING

February 14, 2022

**EXECUTIVE SUMMARY
OF BACKGROUND INVESTIGATION**

EXECUTIVE SUMMARY

Introduction

RSI MD, LLC (“RSI MD”) is a Delaware corporation formed on June 22, 2021. RSI MD, LLC is the applicant for a Sports Wagering Facility Operator License in Maryland and is a 100% owned subsidiary of Rush Street Interactive, Inc. (“RSI”). RSI was founded by industry gaming veterans and its management team has decades of collective experience in developing, supplying, and operating regulated online gaming sites.

Based in Chicago, RSI launched its first social gaming site, SugarHouse Casino4Fun in July 2015. Shortly thereafter, social gaming sites were launched for Rivers Casino Pittsburgh (Pennsylvania), Rivers Casino Des Plaines (Illinois), and Rivers Casino Schenectady (New York).

RSI launched its first on-line gaming casino site, PlaySugarHouse.com in New Jersey, in September 2016, and subsequently, in August 2018, it added a fully integrated online gaming sportsbook.

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

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 apply the alternative licensing process if the Applicant holds a valid, current gaming or sports wagering-related license in at least three (3) of the states identified as having licensing standards which are comprehensive and thorough, and provide similar and adequate safeguards to those in the Sports Wagering Law.

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

RSI launched its first on-line gaming casino site, [PlaySugarHouse.com](https://www.playsugarhouse.com) in New Jersey, in September 2016, and subsequently, in August 2018, it added a fully integrated online gaming sportsbook. Rush Street Interactive currently operates mobile/retail sports wagering across 11 jurisdictions in United States; New Jersey, Pennsylvania, New York, Indiana, Illinois, Colorado, Michigan, Iowa, Virginia, West Virginia and Connecticut. MLGCA Staff is not aware of any unresolved issues that negatively impact the Applicant's qualifications and has not found any derogatory information regarding RSI MD's ability to be licensed in Maryland as a Sports Wagering Facility Operator.

Ownership of Applicant

Rush Street Interactive, Inc. is a publicly traded company. There is one individual (Harry L. You) and one institutional investor (FMR, LLC) that own 5% or more of the economic interest in the company. Two other individuals (Greg Carlin and Neil Bluhm) control the bulk of the voting shares of the company, but their voting shares have no economic interest.

Principal Qualifiers

Richard Schwartz - CEO
Einar Roosileht - CIO
Laura McAllister Cox - CCO
Mattias Stetz - COO
Kyle Sauers – CFO
Neil Bluhm - Chairman
Gregory Carlin - Vice-Chairman
Paul Wierbicki - Board Member
Andrew Bluhm - Board Member
Leslie Bluhm - Board Member
James Gordon – Board Member

Niccolo De Masi - Board Member
Meredith Bluhm – Wolf - Owner

The above Principal Qualifiers have submitted Temporary Principal applications to Maryland Lottery & Gaming Control Agency.

Licensing Inquiry

RSI MD, LLC submitted a Request for Application of Alternative Licensing Standards in support of its request for a Sports Wagering Facility Operator License in Maryland. Rush Street Interactive, Inc., the parent company of RSI MD, LLC, stated that it holds a current license in these Commission-approved states:

Michigan Gaming Control Board

- Type of License: Internet Gaming, Sports Betting and Platform Provider
- Expiration Date: 10/15/2026
- Status: Current and In-Good Standing

Pennsylvania Gaming Control Board

- Type of License(s): Sports Wagering Operator and Interactive Gaming Operator.
- Expiration Date: 12/17/2024
- Status: Current and In-Good Standing

Virginia Lottery

- Type of License(s): Mobile Sports Wagering
- Expiration Date: 1/26/2025
- Status: Current and In-Good Standing

Illinois Gaming Board

- Type of License(s): Temporary Permit Sports Operator
- Approved Date: 2/21/2020
- Status: Current 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 Operator License Application, adequate proof of bond and all required fees.

MLGCA's inquiry with the states identified above confirms that the licenses issued by those states are current and valid. Staff is not aware of information that would indicate RSI MD, LLC, or its parent company, Rush Street Interactive, Inc. fail to meet the Commission's qualification requirements.

Staff recommends that the Commission find RSI MD, LLC qualified for a Sports Wagering Facility Operator 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 RSI MD, LLC has established by application of alternative licensing standards that it is qualified for a Sports Wagering Facility Operator License by clear and convincing evidence; and
2. Delegate to Staff the authority to draft a decision statement of the Commission's decision on the qualification of RSI MD, LLC.