

Maryland Lottery and Gaming Control Commission

Larry Hogan, Governor



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MARYLAND LOTTERY AND GAMING CONTROL COMMISSION FEBRUARY MINUTES

DATE: February 24, 2022

TIME: 10:00 a.m.

PLACE: Maryland Lottery and Gaming Control Agency
(Meeting conducted via audio/video conference call)

PRESENT: Chair E. Randolph Marriner
Vice Chair George L. Doetsch, Jr.
Commissioner F. Vernon Boozer
Commissioner Michelle R. Fager
Commissioner Harold E. Hodges
Commissioner James J. 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
Solomon Ramsey, Managing Director, Sales and Marketing
Paula Yocum, Managing Director, Chief Financial Officer
Carole Gentry, Managing Director, Communications
Holly Citko, Principal Counsel, Attorney General's Office
Jennifer Tosky, Deputy 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
Representatives from Arrow International
Representatives from Arundel Amusement d/b/a Bingo World
Representatives from RSI MD, LLC
MLGCA Staff

E. Randolph Marriner, Chair

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

ROLL CALL

Chair Marriner asked for a roll call to establish that a quorum was present. Also present in person were: Vice Chair George Doetsch, and Commissioner Vernon Boozer. Michelle Fager, Harold Hodges, Jerry Williams, and James Stakem were present via teleconference.

CALL TO ORDER

Chair Marriner called the meeting of the Maryland Lottery and Gaming Control Commission to order at 10:00 a.m. Due to technical difficulties the meeting was restarted at 10:01 a.m.

Chair Marriner started the meeting with an announcement that Commissioner Fager was stepping down from the Commission, and today would be her last meeting. Chair Marriner thanked Commissioner Fager for her service to the Commission and to Maryland Lottery and Gaming.

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 motioned to approve, Commissioner Boozer seconded, and the motion was unanimously approved.

APPROVAL OF THE MINUTES

Chair Marriner stated that the January 20, 2022, open session minutes were provided to the Commissioners for review, and asked if there were any changes. There were no changes. Vice Chair Doetsch motioned to approve, Commissioner Boozer seconded, and the motion was unanimously approved.

CONSENT AGENDA

Chair Marriner said the Consent Agenda contains EGD Games and Component Testing Certified Lab Software, Hardware and Game Certifications for VLTs, Table Game Components, and Instant Bingo Machines (1/6/22 – 2/10/22); Consent Agreements for Regulatory Violations – Hollywood Casino – October 2021; Live! Casino – May and August 2021; and Rocky Gap Casino – October 2021; Consent Agreements for Underage Violations – Live! Casino – Case Nos. 2021-03-007 to -011; Ocean Downs Casino – Case No. 2021-02-002; Gaming License Application Denials/Revocations; and Staff Reports from James Butler, Assistant Deputy Director, Chief of Staff; James Logue, Managing Director, Gaming; Solomon Ramsey, Managing Director, Sales and Marketing; Paula Yocum, Managing Director, Chief Financial Officer; Carole Gentry, Managing Director, Communications; 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. Vice Chair Doetsch motioned to approve, Commissioner Boozer seconded, and the motion was unanimously approved.

OPERATOR REPORTS

Hollywood Casino

Mr. Timothy Shea, Vice President of Operations, reported that General Manager Allie Evangelista has left for a position with the Hard Rock Casino in Bristol, Virginia, and a replacement has not yet been named. Mr. O'Shea said slot machine revenues in January were up 7% compared to 2021, while table game revenue was up 28%, due to better volume and hold. The hold percentage on sports wagering has been higher than anticipated, but Mr. O'Shea noted that Hollywood is prepared for the day-to-day volatility that occurs in sports wagering. Construction on the casino's sportsbook is expected to begin in 30 to 45 days. Hollywood is working with the Maryland Department of Health to bring a mobile vaccination unit to the property Thursdays and Fridays through May 20 to encourage visitors to get their COVID-19 shots. Hollywood employees are supporting a number of charity initiatives, including a Habitat for Humanity project that will build portions of homes on-site at the casino property. Hollywood is preparing to launch the Penn National MyChoice Rewards Program on May 10, and construction of the Great Wolf Lodge adjacent to the property is ongoing.

Ocean Downs Casino

Ms. Bobbi Sample, General Manager, reported that slot machine volumes were up in January, but revenue was down 2.2%, driven by hold. A foot of snow during the final weekend of the month caused significant disruptions and forced the casino to close for a period of time on January 28 and 29. Ocean Downs did not report any table game revenue for January due to an accounting issue in the later part of 2021 in which jackpots that were paid at the cage were not captured, causing the casino to overstate its revenue and overpay its table game tax. Credit on the overpayment took place in January. The table game drop for January was up 9.5% year-over-year. Ms. Sample said the casino has changed its procedures to ensure that the accounting issue does not occur again. Ocean Downs had \$1.4 million in sports wagering handle and \$247,000 in revenue during January. Ms. Sample added that the numbers will allow Ocean Downs to establish a benchmark and make future forecasts for its sportsbook. The casino had a number of promotional giveaways, including a \$15,000 cash prize, and held a President's Day slots tournament and blackjack tournaments on Thursdays, which have quickly sold out. In March, Ocean Downs will recognize Problem Gambling Awareness month by having a peer counselor from the Maryland Center of Excellence on Problem Gambling on-site to talk to staff.

Commissioner Hodges asked for clarification on the nature of the accounting issue. Ms. Sample said that when table game jackpots were paid at the cage, they weren't captured for credits, as they were when they were paid out in chips at the table. The amounts paid at the cage weren't being captured in the casino's daily revenue, causing Ocean Downs to overstate its revenue. The jackpot amounts should have been deducted from revenue, and as a result, revenues and tax payments to the state were overstated. From a financial accounting perspective, Ocean Downs accrued for that at the end of December and took credit for the tax payment in January.

Commissioner Hodges asked if the casino is checking to make sure this type of issue isn't occurring elsewhere. Ms. Sample said that it was identified as a procedural issue that has been handled by the casino's revenue auditing team.

Live! Casino

Mr. Anthony Faranca, Executive Vice President and General Manager, reported that January was a record month for Live!, spurred by a number of prize giveaways and free slots bonuses. The

entertainment calendar has still not been ramped up with COVID lingering, but gaming revenue in January was up 36.4% year-over-year, with table games up 37% and poker up 30%. In its first full month of operation, the sportsbook saw \$14.4 million in handle with 12% hold and won \$1.8 million in January. Mr. Faranca reported that all of the property's restaurants and other venues have reopened, and non-gaming revenue in January saw a 65% increase year-over-year, totaling nearly \$6.5 million for the month. Live! held a week-long food drive for the Anne Arundel County Food Bank and events to recognize Martin Luther King, Jr. Day. Live! is working with the Maryland Department of Health to have COVID-19 vaccinations available to the public on-site through March 6, and is providing vaccinations to its staff. The casino is planning its entertainment calendar for 2022 and will be holding boxing and mixed martial arts competitions, among other events, as well as its 10-year anniversary in June.

Rocky Gap Casino

Mr. Brian Kurtz, General Manager, reported that January gaming revenues were up 1.8%. Winter weather had an impact on volumes, with slots revenue decreasing by 1%. Table game revenues were up 21.2%, with good volume and increased drop and hold compared to January 2021. Rocky Gap has named a new human resources director, who previously worked at the property in another capacity. Mr. Kurtz said volumes are increasing in February, and is hopeful that the casino can resume its full entertainment calendar in March. A clothing drive in January collected more than 600 items that were donated for local homeless and disadvantaged individuals. February community initiatives included working with a local animal shelter. Rocky Gap will host mobile COVID-19 vaccination units on Fridays and Saturday for several weeks. Mr. Kurtz added that Rocky Gap was happy to host Governor Hogan for a recent overnight stay.

Horseshoe Casino

Mr. Randy Conroy, Vice President and General Manager, reported that January slot machine revenue was \$10.1 million, up from \$9.6 million in January 2021, and table game revenues were \$6 million, up from \$4.2 million year-over-year. Horseshoe's sportsbook generated \$824,000 in taxable revenue. The casino opened its Brew Brothers sports bar/sportsbook on February 10, and the Super Bowl was a big event for Horseshoe. The casino hosted a Lunar New Year event on February 6, and is playing a key role in Baltimore's hosting of the Central Intercollegiate Athletic Association (CIAA) basketball tournament for the first time. Horseshoe hosted an event with the presidents of all the CIAA universities and the Mayor of Baltimore. Mr. Conroy said March Madness should be a good opportunity for the sportsbook, as wagering on basketball has been bigger than wagering on football. He added that March is typically one of Horseshoe's better months. The casino has hired 54 new employees so far in 2022.

MGM National Harbor

Ms. Melonie Johnson, President and Chief Operating Officer, said she was happy to be back in Maryland, as she returned to MGM National Harbor after spending 18 months at MGM's Borgata Casino in Atlantic City. January gaming revenue was up 15% year-over-year, including a 27% increase in table game revenues and a 14% increase on slot machines. Poker tables decreased by 24%. The BetMGM sportsbook took a total of 102,000 bets during January, totaling \$10.6 million in handle. The hold was 15.6%. The casino had a number of promotional giveaways during January. The entertainment calendar has been light, but MGM hosted a Valentine's Day show and has a full lineup of performances planned, including appearances by Anita Baker and Bruno Mars.

Commissioner Hodges asked about the drop in revenue. Ms. Johnson said it was due to a decline in poker revenue due mainly to staff shortages, including poker dealers. The casino is holding an in-house dealer training program.

STAFF REPORTS

Director's Report — John Martin, Director

Director Martin thanked Commissioner Fager for her contributions and wished her well. A number of changes have been made in the second half of the fiscal year to the Lottery line up. At the beginning February, the 5 Card Cash game, which generated \$100,000 weekly, was replaced with Pick 5 with drawings twice daily, which are generating over \$1 million per week in sales. In January, the Lottery launched a new iteration of the Monopoly family of games. In addition to four scratch-off price points, there are two FAST PLAY price points and a second-chance contest offering players a chance at a cash jackpot for each monthly drawing. This promotion kicked off in February and will run through July. It is expected that these types of activities will put Lottery at a 4% increase by the end of the fiscal year over last year's record-setting sales figure. The casinos, as a group, are maintaining a 20% increase for both revenue and contributions to the state when compared year-over-year. The sports wagering numbers that were provided in the Commission packets did not include the Super Bowl, as those numbers will be reflected in the February report, which will be published March 10, 2022. Maryland Lottery and Gaming continues to work with the SWARC on the regulations and information sharing of potential applications for the remaining brick and mortar locations and mobile licenses.

Commission Action Item — Delegation to Staff — Authority to Develop and Implement Retailer Bonus Programs

Director Marin reported that Lottery law states that the Commission may authorize the payment of special bonuses to licensed Lottery retailers and their employees, provided: (1) the total of the bonuses does not exceed one-half of 1% of the gross receipts from ticket sales for the year in which the bonuses are awarded; and (2) retailers do not offer alcoholic beverages to induce players to buy or redeem tickets. State Gov't., ("SG") § 9-117(b), Ann. Code of Md.

Agency staff has substantial experience and expertise in determining and executing Lottery sales and marketing strategies. Staff's expertise includes coordinating Lottery retailer incentives and bonuses, with current Lottery product offerings, to maximize sales. Given the number of Lottery retailers statewide and the variety of Lottery product offerings at any given time, there is a need to expeditiously assess current sales trends to maximize Lottery sales by incentivizing retailers with an appropriate bonus plan.

The law authorizes only the Commission to authorize special retailer bonuses. Staff recommends that the Commission delegate this authority to staff. Without such a delegation, the full Commission would need to make all Lottery retailer special bonus determinations at its monthly meetings. The delegation would allow the sales and marketing teams to, without separate Commission approval, create and implement bonus programs for Lottery retailers, consistently apply bonus schedules, and timely award bonuses to Lottery retailers — all geared toward responsiveness to current sales trends and maximization of sales. Specifically, staff would use the authority of this delegation to:

- 1) Authorize the payment of special bonuses to Lottery retailers and their employees;
- 2) Develop and implement Lottery retailer bonus programs;
- 3) Create Lottery retailer bonus schedules; and

4) Award special bonuses to Lottery retailers in accordance with the programs and schedules that Staff establishes.

Director Martin requested two motions. The first motion is to grant staff's request for delegation of the Commission's authority under SG § 9-117(b) to: authorize the payment of special bonuses to Lottery retailers and their employees; develop and implement Lottery retailer bonus programs; create Lottery retailer bonus schedules; and award special bonuses to Lottery retailers in accordance with the programs and schedules that Staff establishes, without the necessity of separate Commission approval. The second motion is for the Secretary to prepare a written statement that memorializes the Commission's delegation, and includes the provision that the Commission may revoke the delegation any time.

Commissioner Hodges asked if the Commission would be allowed time to discuss and consider this request prior to making the motions. Chair Marriner told Commissioner Hodges to proceed with discussion.

Commissioner Hodges stated that he was not prepared to vote on the motions, adding that he preferred to have time for review and consideration. Chair Marriner asked if any other Commissioners wished to speak. Commissioner Stakem noted that he believed the Commission had previously provided a similar delegation of authority a couple of years ago.

Chair Marriner asked Director Martin to further explain the retailer bonuses practices. Director Martin said that the process for retailer bonuses has been in place for more than 10 years. He noted that traditionally these programs are developed and implemented by agency staff. The request is for the Commission to delegate to MLGCA staff the ability to continue this practice. The Lottery has been infrequently coming to the Commission for approval of retailer bonuses. After a recent review of Lottery practices, the Agency wanted to memorialize and document this practice in order to make sure it would not be an issue going forward.

Chair Marriner asked if Commissioner Hodges had any specific questions. Commissioner Hodges stated he believes the Commission should have the authority to use bonuses as a critical tool to motivate businesses. He added that he wants to ensure the practice is carried out ethically and fairly, with no room for certain agendas. Commissioner Hodges said he appreciated the context that was provided, and that the practice had been done before but not codified, and added that as a Commissioner he believes the practice should be done in a certain way, and he is not compelled to vote on any motion at this time.

Chair Marriner asked for a motion to grant staff's request for delegation of the Commission's authority under SG § 9-117(b) to: authorize the payment of special bonuses to Lottery retailers and their employees; develop and implement Lottery retailer bonus programs; create Lottery retailer bonus schedules; and award special bonuses to Lottery retailers in accordance with the programs and schedules that Staff establishes, without the necessity of separate Commission approval. Vice Chair Doetsch moved, and Commissioner Boozer seconded. The motion was approved by a 6-1 vote, with Commissioner Hodges opposed.

Chair Marriner then asked for a motion for the Secretary to prepare a written statement that memorializes the Commission's delegation, and includes the provision that the Commission may revoke the delegation any time. Vice Chair Doetsch moved, and Commissioner Boozer seconded. The motion was approved by 6-1 vote, with Commissioner Hodges opposed.

Deputy Director/Chief Operating Officer — Jim Nielsen

There being no questions on his monthly report, Mr. Nielsen proceeded to his Commission Action Item.

Commission Action Item — Contract for Advertising, Marketing, Media and Related Services (#2018-07)

Mr. Nielsen reported that there are two contracts for Advertising, Marketing, Media and related Services: Functional Area I — Creative Development and Production Services with Gray, Kirk/VanSant Advertising, Inc. in the amount of \$15,624,000; and Functional Area II — Media Planning and Buying Services with 9Rooftops (formerly MARC USA, LLC) in the amount of \$47,364,000.

These amounts are for the three-year base term of 5/1/2019 to 6/30/2022 for both contracts, with a single two-year renewal option available for each. Mr. Nielsen stated that both contractors have been doing a very good job and the MLGCA recommends that the renewal options be exercised for the period 7/1/2022 to 6/30/2024 at the same terms and rates, for a total of \$10,416,000 for GKV and \$31,576,000 for 9Rooftops. Subject to Commission approval, these contracts will be submitted to the Department of General Services for inclusion on the agenda for the next available Board of Public Works meeting.

Chair Marriner asked if there was just one extension, and Mr. Nielsen confirmed that was correct. There being no further questions, Chair Marriner asked for a motion to approve the contract renewal option for Functional Area I. Vice Chair Doetsch motioned to approve, Commissioner Williams seconded, and the motion was unanimously approved.

Chair Marriner then asked for a motion to approve the contract renewal option for Functional Area II. Vice Chair Doetsch motioned to approve, Commissioner Boozer seconded, and the motion was unanimously approved.

Managing Director for Regulatory Oversight — John Mooney

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

Commission Action Items — Two Qualification Hearings

Chair Marriner stated that the Commission would conduct qualification hearings for two applicants: one for a Sports Wagering Facility License and the other for a Sports Wagering Facility Operator License, which are: Arundel Amusements, Inc. d/b/a Bingo World, and RSI MD, LLC, respectively. Chair Marriner collectively administered the oath to those who may testify or answer questions during either hearing. He stated that Mr. Mooney would conduct a separate hearing for each applicant and describe the results of Staff's investigation into each applicant. Chair Marriner stated that anyone in person or on the call for the hearing on behalf of either applicant 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. If found qualified, he will ask for a motion to direct staff to draft a decision statement. Chair Marriner then administered the oath to: MLGCA staff (Mr. Mooney and staff members Phil Metz, David Robinson, Anthony Singleton, Ray Jones and Mark Ermer); Laura McAllister Cox on behalf of RSI MD, LLC; and Randy Clemens from Arundel Amusements, Inc. d/b/a Bingo World.

Mr. Mooney proceeded to present each applicant for approval.

Commission Action Item — Arundel Amusements, Inc. d/b/a Bingo World

Mr. Mooney said a hearing was being conducted on the Sports Wagering Facility License Application submitted by Arundel Amusements, Inc. d/b/a Bingo World to determine its qualifications for a B-1 Sports Wagering Facility License.

Mr. Mooney reviewed the regulatory history, ownership and the principal qualifiers of Arundel Amusement, Inc. d/b/a Bingo World. He noted that MLGCA's investigation has confirmed that the applicant has sufficient financial resources, and found no derogatory information regarding the applicant's qualifications. Based on the criteria in the Sports Wagering Law MLGCA concludes that Arundel Amusements, Inc. d/b/a Bingo World is qualified under the Sports Wagering Law and not disqualified, MLGCA concluded that the applicant has established by clear and convincing evidence the qualifications required for a B-1 Sports Wagering Facility License.

Chair Marriner asked if anyone wished to speak on behalf of Bingo World. Mr. Randy Clemens thanked the Lottery and Legislature for their support. He stated that the addition of sports wagering would help maintain Bingo World's employee base and increase it. Bingo World has been in business for 35 years, and is active in charitable activities, including Maryland Special Olympics and charities that benefit the families of veterans and juvenile diabetes. Sports wagering will help Bingo World to expand its business and continue to be a good member of the community. Bingo World has worked with the Maryland Department of Health on COVID-19 vaccine clinics for several months, and has an incentive program for vaccinated employees to receive bonuses. As COVID continues, Bingo World has taken safety measures with social distancing, cutting back sessions and sanitizing between sessions.

Chair Marriner thanked Mr. Clemens for the information provided.

Commissioner Hodges asked MLGCA Staff about the standard that is used to determine that the applicant has sufficient financial resources. Mr. Mooney deferred to Mr. Ermer to respond. Mr. Ermer stated that the financial resources of the applicant is very liquid and the balance sheet is very positive. Mr. Ermer stated that the investigation showed Bingo World has considerable financial resources to move forward with sports wagering.

Commissioner Hodges said he would like a better understanding of their ability to handle a downturn and to understand what benchmarks were used to determine each applicant's financial stability.

Mr. Ermer stated that a number of financial ratios and margins that are calculated over a five-year period to see what the trends are over time. Businesses took a hit during 2020 due to COVID and the applicant's ratios and margins did decline, but the applicant bounced back considerably in 2021. Mr. Ermer said that in 2021 Bingo World generated a substantial amount of cash through regular operations and does not have any long-term debt, making the business very well positioned financially to move forward.

Chair Marriner reminded the Commissioners that financial information is confidential and only shared with MLGCA staff who are involved in licensing investigations, and should not be discussed during the meeting.

Mr. Mooney stated that prior to any licensing hearing, Commissioners receive a full report containing confidential financial information on each applicant, but these reports are not public and are not posted online. Mr. Mooney added that during licensing hearings, he reads a publicly

available summary that does not contain the confidential information that is included in full reports that Commissioners receive.

Chair Marriner asked for a motion to find that Arundel Amusements, Inc. d/b/a Bingo World has established by clear and convincing evidence that it is qualified for a B-1 Sports Wagering Facility License. Vice Chair Doetsch moved, and Commissioner Williams seconded. The motion was approved by a 6-1 vote, with Commissioner Hodges opposed.

Chair Marriner asked for a motion to direct staff to draft a decision statement of the Commission's decision on the qualification of Arundel Amusements, Inc. d/b/a Bingo World. Vice Chair Doetsch moved, and Commissioner Boozer seconded. The motion was approved by a 6-1 vote, with Commissioner Hodges opposed.

Chair Marriner asked for a motion to direct the Secretary of the Commission to transmit the Decision Statement to the Sports Wagering Application Review Commission (SWARC). Vice Chair Doetsch moved, and Commissioner Williams seconded. The motion was approved by a 6-1 vote, with Commissioner Hodges opposed.

Commission Action Item — RSI MD, LLC Facility Operator License

Mr. Mooney reported that the hearing was being conducted on the Sports Wagering Facility Operator License Application submitted by RSI MD, LLC.

The Commission has delegated to agency staff its authority to decide whether to apply an alternative licensing standard to an applicant. Staff has implemented a policy as to the minimum number of other valid and current licenses an applicant must hold before Staff will grant an applicant's request to apply alternative licensing standards to satisfy the Commission's qualification requirements: If an applicant does not hold a current, valid Maryland casino-related license, then the applicant must have a current, valid license in at least three of the 16 Commission-approved states that have licensing standards which are comprehensive and thorough, and provide similar and adequate safeguards to those in Maryland's Sports Wagering Law.

RSI MD, LLC's parent company, Rush Street Interactive, holds current, valid sports-wagering-related licenses issued by at least three of the 16 Commission-approved states. RSI MD, LLC has submitted a request for the application of alternative licensing standards as the basis for determining its qualification for a sports wagering facility operator license, based on its licenses issued by other Commission-approved states. Staff has decided to apply alternative licensing standards to RSI MD, LLC to satisfy its qualification requirements before conducting a full background investigation. Staff will complete an extensive background investigation in due course.

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, holds a current license in these approved states: Michigan, Pennsylvania, Virginia, and Illinois. Mr. Mooney noted that the MLGCA's inquiries confirm 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.

Chair Marriner asked if anyone wished to speak on behalf of RSI MD, LLC. Ms. McAllister said Rush Street Interactive, RSI MD, LLC's parent company, is now operating in 13 jurisdictions, with the additions of New York and Louisiana in the past month. Rush Street Interactive operates primarily under the Bet Rivers brand, which will operate in Maryland, and the company also has the PlaySugarHouse brand operating in Pennsylvania, New Jersey and Connecticut. She added that the company is excited to enter a new market and pleased to partner with Bingo World. The company has six other retail sports wagering locations in the U.S., five of which are associated with casino properties and the other in conjunction with the Connecticut Lottery. Ms. McAllister offered to answer any questions and added that she appreciated the Commission's consideration under the alternative licensing standards.

Chair Marriner asked for a motion to 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. Doetsch moved, Boozer seconded, and the motion was unanimously approved by a show of hands.

Chair Marriner asked for a motion to delegate to Staff the authority to draft a decision statement of the Commission's decision on the qualification of RSI MD, LLC. Vice Chair Doetsch moved, Commissioner Boozer seconded, and the motion was unanimously approved by a show of hands.

Commission Action Item — Manufacturer License Renewal — Arrow International, Inc.

Mr. Mooney indicated that Jennifer Gehrlein of Arrow International, Inc. had virtually joined the meeting. The Chairman administered the oath to Ms. Gehrlein.

Chair Marriner said the Commission would conduct a hearing on the qualifications of Arrow International, Inc., for a renewal of its manufacturer license. Mr. Mooney will describe results of Staff's investigation. Anyone present on behalf of Arrow International may speak, the Commission may ask questions of staff or the applicant, and then the Chairman will ask for a motion.

Mr. Mooney read the summary of Staff's investigative report, which found that Arrow International, Inc. has sufficient financial resources and found no derogatory information regarding the applicant's qualifications. Staff concluded that Arrow International, Inc. has established by clear and convincing evidence its qualifications for renewal of its manufacturer license.

Ms. Gehrlein said Arrow International is happy to have received the recommendation for a renewal of its license, and added that she was available to answer any questions.

Chair Marriner asked if Commissioners had questions for the applicant or MLGCA staff. Commissioner Hodges asked what financial benchmark standards are used to determine the company's qualifications.

Mr. Robinson clarified the financial benchmarks used to determine financial suitability. The investigation includes looking at the company's audited financial statements over a five-year period, performing a year-to-year financial statement analysis, a ratio analysis, and comparing competitors in the industry. Mr. Robinson said that prior to Cavalier's acquisition of Arrow International in December 2020, Arrow had positive working capital, relatively fair financial ratios and experience in the industry. The successor also had positive working capital, with relatively sound financial ratios and borrowing capacity available. The investigation found that the successor was well-positioned as of June 2021 to service the long-term debt that was brought on by acquiring Arrow International.

Mr. Mooney stated that Mr. Ermer is a CPA and is the head of the MLGCA's financial group, and Mr. Robinson is a lead investigator within the financial group.

Chair Marriner asked if the standards are the same for all applicants. Mr. Mooney confirmed this is correct.

There being no further questions or discussion, Chair Marriner asked for a motion to find that Arrow International, Inc. has established by clear and convincing evidence its qualifications for a renewal of its manufacturer's license. Vice Chair Doetsch moved to approve, Commissioner Williams seconded, and the motion was unanimously approved.

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 at 10:00 a.m. on Thursday March 24, 2022, in person at Maryland Lottery headquarters and via audio/video conference. There may be additional meetings scheduled to review applicants in between regularly scheduled meetings.

ADJOURNMENT

There being no further business, Chair Marriner adjourned the meeting at 11:23 a.m.

Respectfully submitted,


John Martin
Director