

1 **PERFORMANCE BOND EDITS**

2 **Title 36**

3 **MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY**

4 **Subtitle 10 SPORTS WAGERING PROVISIONS**

5 **Chapter 02 All Applicants and Licensees - Applications and Investigations**

6 **Authority: State Government Article, §§9-1A-02, 9-1A-04, 9-1-07, 9-1A-08, 9-1A-20, 9-1A-**  
7 **25, and 9-1E-01 - 9-1E-15, Annotated Code of Maryland.**

8 **.14 Bonds.**

9  
10 A. The Commission may require an applicant or licensee to obtain a **performance** bond  
11 before the Commission issues or renews a license.

12 B. The **performance** bond shall: [be]

13  
14 **(1) Be** for the benefit of the State for the faithful performance of the requirements imposed by  
15 State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland, and  
16 Commission regulations; **and**

17  
18 **(2) Designate the Agency as the obligee.**

19  
20 C. If a **performance** bond is required for a license, the Commission may not issue or renew a  
21 license unless it has:

22  
23 (1) Exempted the applicant or licensee from the **performance** bond requirement; or

24  
25 (2) Received satisfactory [p̄røøf] **documentation** of [a] **the performance** bond.

26  
27 D. The Commission may apply a **performance** bond to the payment of an unpaid liability of  
28 the applicant or licensee **to the Agency and the State.**

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*For September 22, 2022 Commission Meeting.*

The proposed amendments would clarify that an applicant: (1) to meet the bond qualification requirement, may submit documentation proving its *qualification* for a performance bond, instead of bearing the cost of purchasing a performance bond during the qualification process; (2) must provide the original performance bond to the Commission before the license is issued; (3) may not use its performance bond to satisfy the \$6M reserve requirement; and (4) must obtain a separate surety bond in order to use a bond to satisfy any part of the \$6M reserve requirement.

1  
2 E. ~~[Bond]~~ **Performance bond** amounts and exemptions are specified in regulations that  
3 pertain to a specific license.

4  
5 F. The Commission may exempt a sports wagering employee from the **performance** bond  
6 requirement if the employee is:

7  
8 (1) Covered under another bond that the Commission deems adequate to protect the public  
9 interests; or

10  
11 (2) Employed in a capacity for which the Commission determines the bond is not necessary  
12 to protect the public interest.

13  
14 **Title 36**

15 **MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY**

16 **Subtitle 10 SPORTS WAGERING PROVISIONS**

17 **Chapter 03 All Applicants and Licensees - Qualification Requirements**

18 **Authority: State Government Article, §§9-1A-02 - 9-1A-04, 9-1A-07, 9-1A-08, 9-1A-14, 9-**  
19 **1A-18 – 9-1A-20, 9-1A-24, 9-1A-25, and 9-1E-01 - 9-1E-15, Annotated Code of Maryland.**

20  
21 **.02 Qualification Requirements.**

22  
23 A. The Commission may consider an applicant's qualifications if the applicant has:

24 (1) Paid the applicable nonrefundable application fee;

25 (2) Unless exempt, provided documentation that ~~[it has]~~;

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*For September 22, 2022 Commission Meeting.*

The proposed amendments would clarify that an applicant: (1) to meet the bond qualification requirement, may submit documentation proving its *qualification* for a performance bond, instead of bearing the cost of purchasing a performance bond during the qualification process; (2) must provide the original performance bond to the Commission before the license is issued; (3) may not use its performance bond to satisfy the \$6M reserve requirement; and (4) must obtain a separate surety bond in order to use a bond to satisfy any part of the \$6M reserve requirement.

1 (a) ~~[acquired]~~ **The applicant has obtained** the **required performance** bond; ~~[and]~~ **or**

2  
3 (b) **An entity authorized to provide a performance bond in the State has approved**  
4 **the applicant for a performance bond; and**

5  
6 (3) Furnished the Commission with all required information and documentation.

7  
8 B. – D. (text unchanged)

9  
10 **Title 36**

11 **MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY**

12 **Subtitle 10 SPORTS WAGERING PROVISIONS**

13 **Chapter 04 Specific Requirements for Sports Wagering Facility Licensees**

14 **Authority: State Government Article, §§9-1E-01 - 9-1E-15, Annotated Code of Maryland.**

15 **.02 Process for Obtaining a Sports Wagering Facility License.**

16  
17 A. – F. (text unchanged)

18  
19 G. Commission staff shall determine whether the awardee has met applicable technical and  
20 operational requirements in this chapter for a Class A-1, A-2, B-1, or B-2 sports wagering  
21 facility license, and determine whether it meets the Commission’s requirements for:

22  
23 (1) Payment of the application fee in the amount specified for the license category;

24  
25 (2) Evidence of a **performance** bond in the amount specified for the license category;

26  
27 (3) – (16) (text unchanged)

28  
29 H. – I. (text unchanged)

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*For September 22, 2022 Commission Meeting.*

The proposed amendments would clarify that an applicant: (1) to meet the bond qualification requirement, may submit documentation proving its *qualification* for a performance bond, instead of bearing the cost of purchasing a performance bond during the qualification process; (2) must provide the original performance bond to the Commission before the license is issued; (3) may not use its performance bond to satisfy the \$6M reserve requirement; and (4) must obtain a separate surety bond in order to use a bond to satisfy any part of the \$6M reserve requirement.

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**.03 Class A-1 Sports Wagering Facility License.**

- A. – C. (text unchanged)
- D. The **performance** bond for a Class A-1 sports wagering facility license is \$6,000,000.
- E. – G. (text unchanged)

**.04 Class A-2 Sports Wagering Facility License.**

- A. – C. (text unchanged)
- D. The **performance** bond for a Class A-2 sports wagering facility license is \$3,000,000

**.05 Class B-1 Sports Wagering Facility License.**

- A. – C. (text unchanged)
- D. The **performance** bond for a Class B-1 sports wagering facility license is \$750,000.

**.06 Class B-2 Sports Wagering Facility License.**

- A. – B. (text unchanged)
- C. The **performance** bond for a Class B-2 sports wagering facility license is \$150,000.

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*For September 22, 2022 Commission Meeting.*

The proposed amendments would clarify that an applicant: (1) to meet the bond qualification requirement, may submit documentation proving its *qualification* for a performance bond, instead of bearing the cost of purchasing a performance bond during the qualification process; (2) must provide the original performance bond to the Commission before the license is issued; (3) may not use its performance bond to satisfy the \$6M reserve requirement; and (4) must obtain a separate surety bond in order to use a bond to satisfy any part of the \$6M reserve requirement.

1  
2 **Title 36**

3 **MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY**

4 **Subtitle 10 SPORTS WAGERING PROVISIONS**

5 **Chapter 05 Specific Requirements for Mobile Sports Wagering Licenses**

6 **Authority: State Government Article, §§9-1E-01 - 9-1E-15, Annotated Code of Maryland.**

7 **.01 General.**

8 A. – E. (text unchanged)

9 F. The **performance** bond for a mobile sports wagering license is \$1,500,000.

10 **.02 Process for Obtaining a Mobile Sports Wagering License.**

11 A. – F. (text unchanged)

12 G. Commission staff shall determine whether the awardee has met applicable technical and  
13 operational requirements in this chapter for a mobile sports wagering license, and determine  
14 whether it meets the Commission’s requirements for:

15 (1) Payment of the application fee of \$500,000;

16 (2) Evidence of a **performance** bond in the amount of \$1,500,000;

17 (3) – (15) (text unchanged)

18 H. – I. (text unchanged)

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*For September 22, 2022 Commission Meeting.*

The proposed amendments would clarify that an applicant: (1) to meet the bond qualification requirement, may submit documentation proving its *qualification* for a performance bond, instead of bearing the cost of purchasing a performance bond during the qualification process; (2) must provide the original performance bond to the Commission before the license is issued; (3) may not use its performance bond to satisfy the \$6M reserve requirement; and (4) must obtain a separate surety bond in order to use a bond to satisfy any part of the \$6M reserve requirement.

1 Title 36

2 MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY

3 Subtitle 10 SPORTS WAGERING PROVISIONS

4 Chapter 06 Specific Requirements for Other Licenses Required for Sports Wagering

5 Authority: State Government Article, §§9-1E-01 - 9-1E-15, Annotated Code of Maryland.

6 .02 Online Sports Wagering Operator License.

7 A. – C. (text unchanged)

8 D. An applicant for an online sports wagering operator license shall:

9 (1) Pay a nonrefundable application fee of \$25,000;

10 (2) Provide evidence of a performance bond in the amount of \$1,500,000;

11 (3) If not covered under the online sports wagering licensee’s performance bond for which  
12 the sports wagering facility operator licensee is conducting sports wagering, obtain the same  
13 **performance** bond amount that is required for that sports wagering facility license class as  
14 provided in Chapter .05 of this subtitle;

15 (4) Meet all license application requirements under COMAR 36.10.02; and

16 (5) Meet all qualification requirements under COMAR 36.10.03.

17 E. In this regulation, “license”, “licensee” and “applicant” refers to the online sports wagering  
18 operator licensee or applicant.

19 F. Commission staff shall determine whether the applicant has met applicable technical and  
20 operational requirements for a license, and determine whether it meets the Commission’s  
21 requirements for:

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*For September 22, 2022 Commission Meeting.*

The proposed amendments would clarify that an applicant: (1) to meet the bond qualification requirement, may submit documentation proving its *qualification* for a performance bond, instead of bearing the cost of purchasing a performance bond during the qualification process; (2) must provide the original performance bond to the Commission before the license is issued; (3) may not use its performance bond to satisfy the \$6M reserve requirement; and (4) must obtain a separate surety bond in order to use a bond to satisfy any part of the \$6M reserve requirement.

- 1 (1) Payment of the application fee as set forth in §D of this regulation;
- 2 (2) Evidence of a **performance** bond in the amount as set forth in §D of this regulation;
- 3 (3) – (14) (text unchanged)
- 4 G. (text unchanged)
- 5 H. Application for an Additional Online Sports Wagering Operator License.

6 (1) An online sports wagering operator may conduct online sports wagering on behalf of  
7 more than one mobile sports wagering licensees.

8 (2) For an online sports wagering operator that applies for a second, or successive, license  
9 with a different mobile sports wagering licensee within the term of an existing license that is in  
10 good standing, the applicant shall submit an application to the Commission:

11 **(a) The online sports wagering operator shall meet the requirements of §D of this**  
12 **regulation; and**

13 **(b) The online sports wagering operator shall be qualified by the Commission at the**  
14 **same time as the mobile sports wagering applicant partner is presented to the Commission;**

15 (3) The Commission’s approval of the online sports operator’s qualifications is valid for 5  
16 years from the date the Commission issued the previous existing online sports wagering operator  
17 license; and

18 (4) Staff may issue additional online sports wagering operator licenses to a qualified  
19 licensee.

20 I. Renewal. An online sports wagering operator license may be renewed by the Commission if  
21 the licensee:

22 (1) Submits an application for renewal to the Commission at least 1 year before the license  
23 expires;

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*For September 22, 2022 Commission Meeting.*

The proposed amendments would clarify that an applicant: (1) to meet the bond qualification requirement, may submit documentation proving its *qualification* for a performance bond, instead of bearing the cost of purchasing a performance bond during the qualification process; (2) must provide the original performance bond to the Commission before the license is issued; (3) may not use its performance bond to satisfy the \$6M reserve requirement; and (4) must obtain a separate surety bond in order to use a bond to satisfy any part of the \$6M reserve requirement.

1 (2) Continues to comply with all licensing requirements **including obtaining a**  
2 **performance bond for the renewal term;**

3 (3) Submits to a background investigation under COMAR 36.10.02, and pays all associated  
4 fees; and

5 (4) Pays a license renewal fee of \$25,000.

6 **.03 Sports Wagering Facility Operator License.**

7 A. – C. (text unchanged)

8 D. An applicant for sports wagering facility operator license shall:

9 (1) Pay a nonrefundable application fee of \$25,000;

10 (2) If not covered under the sports wagering facility licensee’s performance bond for which  
11 the sports wagering facility operator licensee is conducting sports wagering, obtain the same  
12 **performance** bond amount that is required for that sports wagering facility license class as  
13 provided in COMAR 36.10.04;

14 (3) – (4) (text unchanged)

15 E. In this regulation, “license”, “licensee”, and “applicant” refer to the sports wagering facility  
16 operator licensee or applicant.

17 F. Commission staff shall determine whether the applicant has met applicable technical and  
18 operational requirements, and determine whether it meets the Commission’s requirements for:

19 (1) Payment of the application fee as set forth in §D of this regulation;

20 (2) Evidence of ~~payment of~~ **securing a performance bond for the benefit of the Agency**  
21 **and the State** in the amount as set forth in §D of this regulation;

22 (3) – (14) (text unchanged)

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*For September 22, 2022 Commission Meeting.*

The proposed amendments would clarify that an applicant: (1) to meet the bond qualification requirement, may submit documentation proving its *qualification* for a performance bond, instead of bearing the cost of purchasing a performance bond during the qualification process; (2) must provide the original performance bond to the Commission before the license is issued; (3) may not use its performance bond to satisfy the \$6M reserve requirement; and (4) must obtain a separate surety bond in order to use a bond to satisfy any part of the \$6M reserve requirement.



1 G. – H. (text unchanged)

2 I. Application for an Additional Sports Wagering Facility Operator License.

3 (1) A sports wagering facility operator may apply for a license to be a sports wagering  
4 facility operator for more than one sports wagering facility [~~licensees~~]licensee.

5 (2) A licensee that applies to be an operator for more than one sports wagering facility  
6 licensee shall submit an application to the Commission:

7 **(a) The sports wagering operator shall meet the requirements of Regulation .02D of this**  
8 **chapter; and**

9 **(b) The sports wagering operator shall be qualified by the Commission at the same time**  
10 **as the sports wagering facility applicant partner is presented to the Commission;**

11 (3) If the existing sports wagering facility operator license term is not expired, staff may:

12 (a) Allow the sports wagering facility operator to submit an abbreviated license application  
13 in a form specified by the Commission;

14 (b) Use the background investigation of the licensee’s existing license to qualify the sports  
15 wagering facility operator for a subsequent operator license; and

16 (c) If no problems are identified, issue an additional license without necessity of a  
17 qualification hearing.

18 J. Renewal. A licensee that has one sports wagering facility operator license may be renewed  
19 by the Commission if the licensee:

20 (1) Submits an application for renewal to the Commission at least 1 year before the license  
21 expires;

22 (2) Continues to comply with all licensing requirements **including obtaining a**  
23 **performance bond for the renewal term;**

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*For September 22, 2022 Commission Meeting.*

The proposed amendments would clarify that an applicant: (1) to meet the bond qualification requirement, may submit documentation proving its *qualification* for a performance bond, instead of bearing the cost of purchasing a performance bond during the qualification process; (2) must provide the original performance bond to the Commission before the license is issued; (3) may not use its performance bond to satisfy the \$6M reserve requirement; and (4) must obtain a separate surety bond in order to use a bond to satisfy any part of the \$6M reserve requirement.

1 (3) Submits to a background investigation under COMR 36.10.02; and

2 (4) Pays a license renewal fee of \$25,000.

3 **.04 Sports Wagering Contractor Licenses.**

4 A. – H. (text unchanged)

5 I. Exemptions from Certain Requirements. A sports wagering contractor is exempt from:

6 (1) If a sports wagering contractor is covered by the performance bond of the sports  
7 wagering licensee with which it contracts, **performance** bond requirements; and

8 (2) Unless the sports wagering contractor is engaged under a management agreement or as a  
9 lessee or tenant, labor peace agreement requirements under State Government Article, §9-1E-  
10 07(6)(e)(v), Annotated Code of Maryland.

11 J. If a sports wagering contractor is not covered by the performance bond of the sports  
12 wagering licensee with which it contracts, the Commission may require a performance bond in  
13 an amount that relates to the work performed by the sports wagering contractor.

14 **.05 Sports Wagering Employee Licenses.**

15 A. – D. (text unchanged)

16 E. Categories.

17 (1) The Commission may issue a sports wagering employee license that is a:

18 (a) Principal employee license;

19 (b) Wagering employee license;

20 (c) Non-wagering employee license;

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*For September 22, 2022 Commission Meeting.*

The proposed amendments would clarify that an applicant: (1) to meet the bond qualification requirement, may submit documentation proving its *qualification* for a performance bond, instead of bearing the cost of purchasing a performance bond during the qualification process; (2) must provide the original performance bond to the Commission before the license is issued; (3) may not use its performance bond to satisfy the \$6M reserve requirement; and (4) must obtain a separate surety bond in order to use a bond to satisfy any part of the \$6M reserve requirement.

1 (d) Temporary principal employee license; or

2 (e) Temporary wagering employee license.

3 (2) The Commission may issue a sports wagering employee license to an individual who has,  
4 or has had on their behalf:

5 (a) Paid all required application and license fees;

6 (b) Submitted a completed license application to the Commission;

7 (c) Provided all personal and background information required under COMAR 36.10.02  
8 and 36.10.03;

9 (d) Provided all documentation required by the Commission;

10 (e) Executed the consent for investigation required under COMAR 36.10.02;

11 (f) Received at least a conditional offer of employment as a sports wagering employee  
12 from a licensed sports wagering facility, mobile sports wagering licensee, online sports wagering  
13 operator, sports wagering facility operator, or sports wagering contractor;

14 (g) For an applicant for a non-wagering employee license, documented that the applicant  
15 has obtained an offer of at least conditional employment from a licensed sports wagering facility,  
16 mobile sports wagering licensee, online sports wagering operator, sports wagering facility  
17 operator, or sports wagering contractor, and that the employer, or potential employer, has:

18 (i) Obtained a **performance** bond if required under COMAR 36.10.04, COMAR  
19 36.10.05, or COMAR 36.10.06; and

20 (ii) Performed, at a minimum, a Social Security database check, criminal history check,  
21 employment verification, and national database search;

22 (h) Demonstrated that within the 365 days before the application is submitted, the  
23 applicant has not served as a Commission member or been employed by the Agency; and

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*For September 22, 2022 Commission Meeting.*

The proposed amendments would clarify that an applicant: (1) to meet the bond qualification requirement, may submit documentation proving its *qualification* for a performance bond, instead of bearing the cost of purchasing a performance bond during the qualification process; (2) must provide the original performance bond to the Commission before the license is issued; (3) may not use its performance bond to satisfy the \$6M reserve requirement; and (4) must obtain a separate surety bond in order to use a bond to satisfy any part of the \$6M reserve requirement.

1 (i) Provided the Commission with sufficient information, documentation, and assurances  
2 to establish, by clear and convincing evidence, that the individual:

3 (i) Meets the qualification requirements in COMAR 36.10.03; and

4 (ii) Is otherwise qualified for a sports wagering employee license.

5 F. Application and License Fees.

6 (1) For a principal employee, \$5,287.25, of which the:

7 (a) Application fee is \$2,500;

8 (b) License fee is \$750;

9 (c) Refundable advance deposit for the administrative costs of conducting the background  
10 investigation \$2,000; and

11 (d) Required fee for conducting a criminal history records check specified in COMAR  
12 36.10.02 is \$37.25.

13 (2) For a wagering employee, \$437.25, of which the:

14 (a) Application fee is \$250;

15 (b) License fee is \$150; and

16 (c) Required fee for conducting a criminal history records check specified in COMAR  
17 36.10.02 is \$37.25.

18 (3) For a non-wagering employee, \$187.25, of which the:

19 (a) Application fee is \$50;

20 (b) License fee is \$100; and

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*For September 22, 2022 Commission Meeting.*

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1 (c) Required fee for conducting a criminal history records check specified in COMAR  
2 36.10.02, which is \$37.25.

3 **09 Temporary Sports Wagering Employee License.**

4 A. – B. (text unchanged)

5 C. An application for a temporary license shall be in a format designated by the Commission  
6 and shall include:

7 (1) A completed application for a principal or wagering employee license;

8 (2) Payment of the fees required under Regulation .05F of this chapter;

9 (3) Documentation to verify that the applicant has obtained an offer of at least conditional  
10 employment from a licensed sports wagering facility, mobile sports wagering licensee, online  
11 sports wagering operator, sports wagering facility operator, or sports wagering contractor and  
12 that the employer has:

13 (a) If required under COMAR 36.10.04.03—36.10.04.06, COMAR 36.10.05.02, or  
14 COMAR 36.10.06.02—36.10.06.04, obtained a **performance** bond; and

15 (b) Performed, at a minimum, a Social Security database check, criminal check,  
16 employment verification, and national database search; and

17 (4) Documentation that the applicant has acknowledged, in writing, that the State is not  
18 financially responsible for any consequences resulting from termination of a temporary license  
19 under State Government Article, §9-1A-14(d)(4), Annotated Code of Maryland.

20 D. – I. (text unchanged)

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*For September 22, 2022 Commission Meeting.*

The proposed amendments would clarify that an applicant: (1) to meet the bond qualification requirement, may submit documentation proving its *qualification* for a performance bond, instead of bearing the cost of purchasing a performance bond during the qualification process; (2) must provide the original performance bond to the Commission before the license is issued; (3) may not use its performance bond to satisfy the \$6M reserve requirement; and (4) must obtain a separate surety bond in order to use a bond to satisfy any part of the \$6M reserve requirement.

1  
2 **SURETY BOND EDITS**

3 **Title 36**

4 **MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY**

5 **Subtitle 10 SPORTS WAGERING PROVISIONS**

6 **Chapter 13 Sports Wagering Licensee Minimum Internal Control Standards**

7 **Authority: State Government Article, §§9-1E-01 - 9-1E-15, Annotated Code of Maryland.**

8 **.40 Security of Funds and Data.**

9 A. – C. (text unchanged)

10 D. A sports wagering licensee shall maintain a reserve in the form of cash, cash equivalents, an  
11 irrevocable letter of credit, **surety** bond, or a combination of these in an amount approved by the  
12 Commission and sufficient to pay all winnings and awards offered to a winning bettor as  
13 described in 36.10.14.06.

14 E. A sports wagering licensee shall implement and prominently publish the following on its  
15 platform:

16 (1) Policies that prevent unauthorized withdrawals from a bettor's account by a sports  
17 wagering licensee or others;

18 (2) Notices that make clear that the funds in the segregated account do not belong to the  
19 sports wagering licensee and are not available to creditors other than the bettor whose funds are  
20 being held;

21 (3) Policies that prevent commingling of funds in the segregated account with other funds,  
22 including funds of the sports wagering licensee;

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*For September 22, 2022 Commission Meeting.*

The proposed amendments would clarify that an applicant: (1) to meet the bond qualification requirement, may submit documentation proving its *qualification* for a performance bond, instead of bearing the cost of purchasing a performance bond during the qualification process; (2) must provide the original performance bond to the Commission before the license is issued; (3) may not use its performance bond to satisfy the \$6M reserve requirement; and (4) must obtain a separate surety bond in order to use a bond to satisfy any part of the \$6M reserve requirement.

1 (4) Procedures for responding to and reporting on complaints by bettors that their accounts  
2 have been misallocated, compromised, or otherwise mishandled;

3 (5) Procedures that allow a bettor to request withdrawal of funds from their user account,  
4 whether such account is open or closed, including:

5 (a) The sports wagering licensee shall honor any bettor's request to withdraw funds by the  
6 later of 5 days after receipt of the request or 5 days after submission of any tax reporting  
7 paperwork required by law;

8 (b) The sports wagering licensee may decline to honor the request for withdrawal of funds  
9 for a reasonable investigatory period if it provides notice of the nature of the investigation to the  
10 bettor it believes has engaged in either:

11 (i) Fraudulent conduct; or

12 (ii) Other conduct that would put the sports wagering licensee in violation of COMAR  
13 36.10.18; and

14 (c) A request for withdrawal shall be considered honored if it is processed by the sports  
15 wagering licensee but delayed by a payment processor or the custodian of a segregated account;  
16 and

17 (6) Procedures that allow a bettor to permanently close a user account at any time, ~~and~~ for  
18 any reason. ~~[The procedures shall allow for closing], and~~ by any reasonable means, including  
19 ~~[by a bettor]~~ on any platform ~~[used by that]~~ **the** bettor **uses** to make deposits into a segregated  
20 account.

21 F. If winnings are awarded to a bettor with a closed account, the winnings~~[-, to the extent that it~~  
22 ~~consists of funds,]~~ shall be distributed by the sports wagering licensee within 7 days.

23 G. If an account is closed on the basis of the sports wagering licensee's good faith belief, after  
24 investigation, that the bettor has engaged in fraud or has attempted to engage in behavior that  
25 would put the sports wagering licensee in violation of this chapter, ~~[such]~~ **these** winnings may be

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*For September 22, 2022 Commission Meeting.*

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1 withheld and redistributed in a manner that reflects the outcome that would have resulted had  
2 that bettor not participated.

3 H. If a bettor’s segregated account remains unclaimed for 3 years after the balances are payable  
4 or deliverable to the bettor, the sports wagering licensee shall presume the account to be  
5 abandoned and shall report and remit all segregated accounts presumed abandoned to the State  
6 Comptroller.

7 I. A sports wagering licensee shall prominently publish all contractual terms and conditions  
8 and rules of general applicability that affect a bettor’s segregated account.

9 J. Presentation of such terms, conditions, and rules at the time a bettor initially acquires a  
10 segregated account may not be deemed sufficient to satisfy the provisions of this subsection.

11

12

**Title 36**

13

**MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY**

14

**Subtitle 10 SPORTS WAGERING PROVISIONS**

15

**Chapter 14 Sports Wagering Requirements and Limitations**

16

**Authority: State Government Article, §§9-1E-01 - 9-1E-15, Annotated Code of Maryland.**

17

**.06 Reserve.**

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A. A sports wagering licensee shall maintain a reserve in cash, cash equivalents, irrevocable letter of credit, **surety** bond, or a combination thereof in an amount approved by the Commission to cover the outstanding liability of the sports wagering licensee to bettors.

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B. A sports wagering licensee may not remove, release, or withdraw funds from its reserve without the written approval of the Commission.

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*For September 22, 2022 Commission Meeting.*

The proposed amendments would clarify that an applicant: (1) to meet the bond qualification requirement, may submit documentation proving its *qualification* for a performance bond, instead of bearing the cost of purchasing a performance bond during the qualification process; (2) must provide the original performance bond to the Commission before the license is issued; (3) may not use its performance bond to satisfy the \$6M reserve requirement; and (4) must obtain a separate surety bond in order to use a bond to satisfy any part of the \$6M reserve requirement.



1 C. The amount in the reserve shall be at least \$500,000 and equal or exceed the aggregate sum  
2 of:

3 (1) The total amount of funds to cover the potential liability for all wagers accepted by the  
4 sports wagering licensee on sporting events with outcomes that have not been determined; and

5 (2) Money owed but unpaid by the sports wagering licensee to bettors on winning wagers.

6 D. A sports wagering licensee shall ensure that the reserve is held:

7 (1) By a financial institution insured by the Federal Deposit Insurance Corporation and  
8 licensed to transact business in the State; or

9 (2) For sports wagering facility licensee, in cash held on facility premises.

10 E. A sports wagering licensee shall:

11 (1) Calculate its reserve requirements each day; and

12 (2) If the sports wagering licensee determines its reserve is insufficient to cover the  
13 requirement of this regulation, notify the Commission in writing:

14 (a) Within 24 hours of the deficiency; and

15 (b) The steps to be taken to remedy the deficiency.

16 **NEW SECTION**

17  
18 **F. Surety Bonds.**

19  
20 **(1) A surety bond may comprise:**

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22 **(a) The whole reserve required to be held by the sports wagering licensee; or**

23  
24 **(b) A portion of the reserve required to be held by the sports wagering licensee.**

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*For September 22, 2022 Commission Meeting.*

The proposed amendments would clarify that an applicant: (1) to meet the bond qualification requirement, may submit documentation proving its *qualification* for a performance bond, instead of bearing the cost of purchasing a performance bond during the qualification process; (2) must provide the original performance bond to the Commission before the license is issued; (3) may not use its performance bond to satisfy the \$6M reserve requirement; and (4) must obtain a separate surety bond in order to use a bond to satisfy any part of the \$6M reserve requirement.

1  
2 **(2) A surety bond shall:**  
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4 **(a) Be in a form approved by the Agency;**  
5

6 **(b) Be by and between the sports wagering licensee and the surety company;**  
7

8 **(c) Identify the sports wagering licensee as an obligee;**  
9

10 **(d) Specify that it guarantees the portion of the sports wagering licensee's**  
11 **reserve that is not covered by a cash reserve;**  
12

13 **(e) Specify that the surety bond is valid for at least the five-year license term**  
14

15 **(3) Commission staff may not issue a sports wagering license unless the applicant or**  
16 **awardee has provided staff with a copy of any surety bond that comprises any portion of the**  
17 **reserve the sports wagering licensee is required to hold.**  
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*For September 22, 2022 Commission Meeting.*

The proposed amendments would clarify that an applicant: (1) to meet the bond qualification requirement, may submit documentation proving its *qualification* for a performance bond, instead of bearing the cost of purchasing a performance bond during the qualification process; (2) must provide the original performance bond to the Commission before the license is issued; (3) may not use its performance bond to satisfy the \$6M reserve requirement; and (4) must obtain a separate surety bond in order to use a bond to satisfy any part of the \$6M reserve requirement.