



Lottery and Gaming Control Commission

1800 Washington Boulevard, Suite 330, Baltimore, MD 21230

**In Re the Application of
Parx Interactive Maryland, Inc.**

**SPORTS WAGERING FACILITY OPERATOR
LICENSE APPLICANT**

License Applicant Number 2022-SW-06

Report Date: September 12, 2022

**EXECUTIVE SUMMARY
OF BACKGROUND INVESTIGATION**

“Commission Presentation”

INTRODUCTION

Role of the Maryland Lottery and Gaming Control Commission ("Commission")

The Commission is required to determine whether sports wagering applicants have proven, by clear and convincing evidence, that they meet the qualifications for licensure under the Sports Wagering Law. Requirements for qualification include: (1) applicant's financial stability and integrity; (2) integrity of any financial backers related to the application; (3) applicant's good character, honesty, and integrity; (4) applicant's business ability; and (5) whether there are any mandatory disqualifiers that prevent the applicant from proving its qualifications by clear and convincing evidence. The Commission cannot issue a license unless it determines that the applicant is qualified.

The Licensing Division of the Maryland Lottery and Gaming Control Agency ("Agency") conducts the required background investigation of an applicant's qualifications. A report of the background investigation is provided to the Commission to assist it in determining whether the applicant described in this Report has proven that it is qualified.

The Executive Summary that will be presented by Staff at the Commission meeting is a public document, which will be provided in the Commission packets,

and is also available on the Agency website with other Commission meeting documents.

Process

As a prerequisite to being eligible for a Sports Wagering Facility Operator License, an applicant must submit a Sports Wagering Facility Operator License Application to the Commission. The applicant must prove to the Commission, by clear and convincing evidence, that it meets the qualification criteria set forth in the Annotated Code of Maryland, State Gov't Article ("SG"), § 9-1E 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 § 9-1A, and COMAR 36.03 (collectively, "the Gaming Law"), which establishes requirements for all casino-related licenses.

Specifically, the applicant must prove that it is qualified under SG § 9-1E-07(e) and COMAR 36.10.03.02 and 36.10.06.03 and not disqualified under COMAR 36.10.03.02C. An applicant must provide all information to the Commission that is necessary for a qualification determination as to the applicant, its principals, and its principal entities.

The Applicant

The Agency (“MLGCA,” “we” or “our”), conducted a suitability background license investigation of Parx Interactive Maryland, Inc. (“Parx Maryland” or “the Applicant”) in connection with its application for a sports wagering facility operator license.

Parx Maryland was formed on January 4, 2022 for the purpose of conducting sports wagering operations in Maryland. Parx Maryland is ultimately owned by Greenwood Racing Inc. (“GRI”). Parx Maryland has applied for a Sports Wagering Facility Operator License. It is located at 2999-3001 Street Road, Bensalem, Pennsylvania 19020. Parx Maryland intends to provide a retail platform, OTC terminals, kiosks, training, risk and trading services, accounting/back-of-the-house reporting services, surveillance and compliance services.

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.

Alternative Licensing 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 only apply the alternative licensing process if the Applicant holds a valid, current gaming or sports wagering-related license in at least 3 of the 16 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

Parx Maryland as a recently formed entity, has no regulatory history to report. Parx Maryland is a Delaware corporation that was formed on January 4, 2022, and registered as a foreign corporation in Maryland on February 17, 2022. Staff is not aware of any unresolved issues that negatively impact the Applicant's qualifications and MLGCA has otherwise found no derogatory information regarding Parx Maryland's qualifications to be licensed for a Sports Wagering Facility Operator License.

Ownership of Applicant

Parx Interactive Maryland, Inc.'s ultimate parent company is Greenwood Racing Inc. ("GRI"). International Turf Investment Co., Inc. owns 98.079% of GRI and Rock IOM Limited owns the remaining 1.921% of GRI. Subsidiaries of GRI own and operate gaming and wagering facilities in various states, with each entity supported by a centralized team of experienced executives and managers.

For several decades, GRI has been a leader in the field of pari-mutuel wagering, including both retail wagering at racetracks and turf clubs and online account wagering. With the legalization of sports wagering in various jurisdictions, GRI, through its subsidiaries, has begun replicating its history of success in pari-mutuel wagering in the sports wagering industry. Of significance, GRI's subsidiaries hold the following licenses/authorizations: (1) GRI's subsidiary Greenwood Gaming and Entertainment, Inc. is a Category 1 slot machine licensee that is authorized by the Pennsylvania Gaming Control Board to conduct sports wagering and interactive gaming; (2) GRI's subsidiary GW NJ Sports, Inc. is authorized to conduct sports wagering and online gaming in New Jersey; and (3) GRI's subsidiary Parx Interactive Michigan, Inc. is authorized by the Michigan Gaming Control Board to serve as a sports wagering operator. Over the course of the last four years, GRI has successfully conducted sports wagering and has not experienced any material regulatory citations or issues.

Principal Qualifiers

- Matthew R. Cullen, Senior Vice-President, Parx Maryland
Temporary Principal License approved: September 8, 2022
- Eric L. Hausler, President and CEO, GRI
Temporary Principal License approved: August 25, 2022
- Robert William Green, Chairman and Director, GRI
Temporary Principal License approved: August 25, 2022
- Richard John Kendle, Director, GRI
Temporary Principal License approved: August 24, 2022
- David Charles Budd, Director, GRI
Temporary Principal License approved: August 24, 2022
- Bryan Eugene Bartlett, Director, GRI
Temporary Principal License approved: August 25, 2022
- Watche Aghiche Manoukian, President, Koorungal Holdings Ltd. and
International Turf Investment Co., Inc.
Temporary Principal License approved: August 25, 2022
- Yeghiche Watche Manoukian, Director, International Turf Investment Co.,
Inc.

Temporary Principal License approved: August 24, 2022

- David Grissen, Director, GRI

Temporary Principal License approved: September 8, 2022

- Arthur Dixon, Director, GRI

Temporary Principal License approved: September 8, 2022

- Francis Cleaver, Director, GRI

Temporary Principal License approved: September 8, 2022

- Thomas Bonner, Director, GRI

Temporary Principal License approved: September 8, 2022

Licensing Inquiry

Parx Maryland submitted a Request for Application of Alternative Licensing Standards in support of its request for a Sports Wagering Facility Operator License. Parx Maryland stated that its parent company GRI through the subsidiaries described above holds a current license in these Commission-approved states:

Michigan Gaming Control Board

- Type of License: Internet Gaming, Sports Betting
(Issued: December 14, 2021)

- Expiration Date: December 13, 2026
- Status: Active and In Good Standing

Pennsylvania Gaming Control Board

- Type of License(s): Affiliate Sports Wagering Certificate
- Expiration Date: October 2, 2023
- Status: Active and In Good Standing

New Jersey Gaming Control Board

- Type of License(s): Sports Betting Transitional Waiver License
- Expiration Date: May 31, 2025
- Status: Active 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 Parx Interactive Maryland, Inc., or its parent company Greenwood Racing Inc. fail to meet the Commission's qualification requirements.

Staff recommends that the Commission find Parx Interactive Maryland, Inc. 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 Parx Interactive Maryland, Inc. 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 the Commission's decision statement on the qualification of Parx Interactive Maryland, Inc.