

**DECISION OF THE MARYLAND LOTTERY AND
GAMING CONTROL COMMISSION**

**Application for a Mobile Sports Wagering License
Crown MD Online Gaming LLC
d/b/a DraftKings**

License Applicant No. SW-2022-08

**Qualification Hearing before
the Maryland Lottery and Gaming Control Commission
October 27, 2022**

On October 27 2022, the Maryland Lottery and Gaming Control Commission (“Commission”) held a meeting during which it conducted a hearing to determine whether Crown MD Online Gaming LLC d/b/a DraftKings (“Applicant”) is qualified for a mobile sports wagering license under Maryland’s Sports Wagering Law.

FINDINGS OF FACT

Background Process

1. Sports wagering in Maryland is governed by the Sports Wagering Law, found in State Government Article (“SG”), Title 9, Subtitle 1E, Annotated Code of Maryland, and the regulations of the Commission, found in the Code of Maryland Regulations (“COMAR”) 36.10. The Sports Wagering Law also incorporates the Gaming Law, which governs casino operations in Maryland, found in SG, Title 9, Subtitle 1A, and COMAR 36.03.

2. The Commission is authorized to issue licenses necessary for sports wagering in the State, one of which is a mobile sports wagering license. Unless a person holds a valid mobile sports wagering license issued by the Commission, the person may not conduct, offer, or operate mobile sports wagering.

3. An applicant for a sports wagering-related license must submit an application to the

Commission. Before it can be issued a license, an applicant must meet all applicable qualification requirements in the Sports Wagering Law, and prove to the Commission, by clear and convincing evidence, that it is qualified under SG § 9-1E-07(e) and COMAR 36.10.03.02, and 36.10.05 and not disqualified under SG § 9-1E-07(g)(1). The Commission is required to deny the license application of an applicant that does not meet qualification requirements.

4. An applicant must submit to the Commission all information that is necessary for the Commission to determine its qualifications, and those of its principals, its principal entities, and any other necessary qualifiers.

5. The Commission may establish an abbreviated process for qualifying and licensing an applicant that holds a valid license in this State or 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. SG § 9-1E-05(c); COMAR 36.10.02.12.

6. The Commission has approved 16 states with acceptable licensing standards: Arkansas, Colorado, Illinois, Kansas, Louisiana, Massachusetts, Michigan, Mississippi, Missouri, Nevada, New Jersey, New York, Pennsylvania, Rhode Island, Virginia and Wisconsin. Because Maryland's licensing standards for all sports wagering-related licenses and casino-related licenses are identical, or specifically incorporated into the Sports Wagering Law, they are clearly sufficient for qualifying an applicant for a different sports wagering license on those bases.

7. In accordance with the alternative licensing process, an applicant may be qualified for a license before the Maryland Lottery and Gaming Control Agency ("Agency") conducts a full background investigation.

8. The Commission's decision to abbreviate an applicant's licensing process on the basis of alternative licensing standards is discretionary. The Commission may deny an applicant's request or grant a request to apply alternative licensing standards. If the Commission grants a request, it may place conditions on a license, or take any other necessary action to protect the State's interests.

9. The Commission has delegated to Staff of the Agency the authority to decide whether to grant an applicant's request to apply alternative licensing standards.

10. Staff applies alternative licensing standards if the applicant holds a current, valid Maryland sports wagering-related license issued by the Commission because Maryland's qualification standards for all sports-wagering related licenses are identical and are clearly sufficient for qualifying an applicant for a mobile sports wagering license on that basis.

11. Staff applies alternative licensing standards if the applicant holds a current, valid Maryland issued casino-related license issued by the Commission because Maryland's qualification standards for casino-related licenses are identical to, and specifically incorporated in, the Sports Wagering Law and are clearly sufficient for qualifying an applicant for a mobile sports wagering license on that basis.

12. If an applicant does not hold a current, valid Maryland license, Staff applies alternative licensing standards if the applicant has a current, valid sports wagering-related license in at least 3 of the 16 Commission-approved states that have licensing standards which are comprehensive and thorough, and provide similar and adequate safeguards to those in the Sports Wagering Law.

Application of Alternative Licensing Standards

13. The Applicant submitted a written request for the Commission to find it qualified for a mobile sports wagering license under the alternative licensing process. Along with the request, the Applicant submitted an Affidavit in Support of Applicant's Request to Apply Alternative Licensing Standards, in which the Applicant acknowledged that Staff will conduct a full background investigation, and that Staff may take enforcement action against the license if it determines that the Applicant (or licensee, if licensed), does not meet a Commission requirement. Enforcement action may include license suspension or revocation.

14. Staff granted the Applicant's request to apply alternative licensing standards to determine the Applicant's qualifications.

Qualification Hearing – October 27, 2022

15. Staff of the Agency's Licensing Division provided the Applicant with written notice of the hearing. Jennifer Aguiar, Chief Compliance Officer and Bill Curtis, Director of Licensing were present for the Applicant in the hearing. In advance of the hearing, John J. Mooney, MLGCA's Managing Director of Regulatory Oversight, provided the Commission with the executive summary of the background investigation and Staff's recommendations, which was also made publicly available.

Applicant's Regulatory History and Ownership

16. The Applicant and Crown MD Gaming LLC are Delaware limited liability companies and wholly-owned subsidiaries of DraftKings, Inc.

17. On August 25, 2022, Crown MD Gaming LLC was found qualified and issued a Sports Wagering Facility Operator License by the Commission after undergoing a full background investigation by the Agency.

18. The Applicant was specifically created to apply for a Mobile Sports Wagering License and Online Sports Wagering Operator License in Maryland and was formed on September 28, 2022.

19. The Applicant and Crown MD Gaming LLC's parent company, DraftKings, Inc., is licensed in 17 countries and 18 U.S. States and is publicly traded on the NASDAQ.

20. The Vanguard Group and ARK Investment Management, LLC each hold a beneficial ownership of more than 5% of DraftKings, Inc. and each are institutional investors that have previously been granted institutional investor waivers by the Agency.

21. Ten individuals have been identified as Principals: Valerie Ann Mosley, Steven Joseph Murray, Ryan Robert Moore, Jocelyn Marie Moore, Marni Marie Walden, Matthew Phillip Kalish, Jason Daniel Robins, Erik Scott Bradbury, Jason Kyun Park, Paul Liberman. Each has submitted a Principal Employee License Application.

22. Any additional Principal and Principal Entity who becomes involved in the Applicant's mobile sports wagering must submit the appropriate application for qualification and licensure.

Licensing Inquiry

23. The Applicant's Request for Application of Alternative Licensing Standards in support of its request for a Mobile Sports Wagering License identified Crown MD Gaming LLC's current and valid Maryland Sports Wagering Facility Operator License that was issued on August 25, 2022.

Mobile Sports Wagering License Application

24. In addition to the Request for Application of Alternative Licensing Standards and Affidavit, the Applicant submitted: a completed Mobile Sports Wagering License Application; an affidavit attesting to the minority- and women-owned interests of the Applicant, adequate proof of bond, and all required fees.

25. Staff is not aware of information that would indicate Crown MD Online Gaming LLC d/b/a DraftKings fails to meet the Commission's qualification requirements.

26. Staff recommends that the Commission determine the Applicant has established that it is qualified for a Mobile Sports Wagering License based on the alternative licensing standards provisions of the Sports Wagering Law by clear and convincing evidence.

CONCLUSIONS OF LAW

1. The Applicant has established by application of the alternative licensing standards provisions of the Sports Wagering Law that it is qualified for, and is not disqualified from, a Mobile Sports Wagering License by clear and convincing evidence.


2. The Applicant remains under an ongoing obligation to comply with all qualification requirements and to notify the Commission if any of the information submitted to the Commission or Agency changes.

3. The Applicant will undergo a full background investigation by the Agency, and if Staff 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.

4. The Secretary of the Commission will transmit this decision statement to the Sports Wagering Application Review Commission.

REVIEW RIGHTS

A party aggrieved by this final administrative Decision may file a petition for judicial review with the circuit court for the county where any party resides or has a principal place of business within thirty days of the date of this Decision. SG § 10-222; Maryland Rules 7-201 – 7-211.



E. Randolph Marriner, Chair

10-27-22
Date