



Lottery and Gaming Control Commission

1800 Washington Boulevard, Suite 330, Baltimore, MD 21230

**In Re the Application of
Arundel Amusements, Inc.
(t/a Bingo World)**

**MOBILE SPORTS WAGERING
LICENSE APPLICANT**

License Applicant Number SW-2022-14

Report Date: October 13, 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. If the applicant is found qualified, the decision statement of the Commission will be forwarded to the Sports Wagering Application Review Commission for it to determine whether to award a license.

Process

As a prerequisite to being eligible for a Mobile Sports Wagering License, an applicant must submit a Mobile Sports Wagering 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 36.10.05 and not disqualified under SG § 9-1E-07(g)(1). 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 Arundel Amusements, Inc. (t/a Bingo World) (“Arundel Amusements” or “Applicant”) in connection with its application for a Mobile Sports Wagering License.

Arundel Amusements, Inc. is an S corporation formed in Maryland on September 6, 1992 and conducts operations as Bingo World. Located in Anne Arundel County at 4901 Belle Grove Road, Bingo World is Maryland’s largest

bingo hall that offers multiple bingo sessions daily, electronic bingo machines and two full-service snack bars. It was found qualified for a Sports Wagering Facility License by the Commission on February 24, 2022 after undergoing a full background investigation by the Agency. Arundel Amusements was issued a Sports Wagering Facility License on August 1, 2022.

Introduction

On November 17, 2021, Arundel Amusements and Rush Street Interactive MD, LLC (“RSI”) entered into a 15-year online sports wagering cooperation and retail sports wagering services agreement. Under the terms of the agreement, Arundel Amusements will incur all costs to renovate a portion of its existing facility to house the sports wagering operation as well as the costs to equip and operate the sports book. RSI has been granted the exclusive rights to provide sports wagering development and on-going support services to Arundel Amusements’ sports wagering operations.

ALTERNATIVE LICENSING

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 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). 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 other sports wagering-related licenses are identical to and are a part of the Sports Wagering Law, they are therefore, clearly sufficient for qualifying an applicant for a different sports wagering license on that basis.

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 permitted under SG § 9-1E-05(c) and 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:

1. If an applicant holds a current, valid Maryland sports wagering-related license issued by this Commission. That alone is a sufficient basis upon which Staff may grant a request to apply alternative licensing standards to satisfy qualification requirements. Maryland’s qualification standards for all sports wagering-related licenses are identical, so they are clearly sufficient for qualifying an applicant for a mobile sports wagering license on that basis.
2. If an applicant holds a current, valid Maryland casino-related license issued by this Commission. That alone is a sufficient basis upon which Staff may grant a request to apply alternative licensing standards to satisfy qualification requirements. Maryland’s qualification standards

- for casino-related licenses are identical to, and specifically incorporated in, the Sports Wagering Law, so they are clearly sufficient for qualifying an applicant for a sports wagering license on that basis; or
3. If an applicant does not hold a current, valid Maryland casino-related license, but the applicant has a current, valid 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.

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.

INVESTIGATION INTO APPLICANT

Regulatory History of Applicant

On February 24, 2022, Arundel Amusements was found qualified by the Commission for a Sports Wagering Facility License after undergoing a full

background investigation by the Agency. On August 1, 2022, Arundel Amusements was issued a Sports Wagering Facility License. Mr. Ernest J. Litty, Jr. and Mr. Randy R. Clemens each submitted Principal Employee Applications to the Commission. MLGCA Staff is not aware of any unresolved issues that negatively impact the Applicant's qualifications and the Agency has otherwise found no derogatory information regarding Arundel Amusements, Inc. (t/a Bingo World) that would disqualify it from holding a Mobile Sports Wagering License.

Ownership of Applicant

The Applicant is privately-owned by Mr. Ernest J. Litty, Jr. and Mr. Randy R. Clemens who own 80% and 20%, respectively. Mr. Litty holds the title of Chairman of the Board and Mr. Clemens serves as the Company's President.

Principal Qualifiers

The following individuals have been identified as principals and have submitted the required Principal Employee Application to the Commission:

- Ernest J. Litty, Jr. - Chairman of the Board (Temporary Principal License Approved: 2/7/2022); and
- Randy R. Clemens - President (Principal License Approved: 6/13/2022).

Licensing Inquiry

Arundel Amusements, Inc. (t/a Bingo World) submitted a Request for Application of Alternative Licensing Standards in support of its request for a Mobile Sports Wagering License. Arundel Amusements was found qualified by the Maryland Lottery and Gaming Control Commission for a Sports Wagering Facility License on February 24, 2022 and issued a license on August 1, 2022.

CONCLUSION AND RECOMMENDATIONS

Along with the Request for Application of Alternative Licensing Standards and Affidavit, the Applicant has 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.

The Agency can confirm that this Commission issued the Applicant a Sports Wagering Facility License. Staff is not aware of information that would indicate Arundel Amusements, Inc. (t/a Bingo World) fails to meet the Commission's qualification requirements.

Staff recommends that the Commission find Arundel Amusements, Inc. (t/a Bingo World) qualified for a Mobile Sports Wagering License based on application of 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 Arundel Amusements, Inc. (t/a Bingo World) has established by application of alternative licensing standards that it is qualified for a Mobile Sports Wagering License by clear and convincing evidence;
2. Delegate to Staff the authority to draft the Commission's decision statement on the qualification of Arundel Amusements, Inc. (t/a Bingo World); and
3. Direct the Secretary of the Commission to transmit the decision statement to the Sports Wagering Application Review Commission.