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## **Lottery and Gaming Control Commission**

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1800 Washington Boulevard, Suite 330, Baltimore, MD 21230

**In Re the Application of  
PENN Maryland OSB, LLC  
d/b/a Hollywood Casino Perryville**

**MOBILE SPORTS WAGERING  
LICENSE APPLICANT**

**License Applicant Number SW-2022-24**

**Report Date: October 15, 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 PENN Maryland OSB, LLC ("Applicant") in connection with its application for a Mobile Sports Wagering License.

PENN Maryland OSB, LLC, is a Delaware limited liability company formed on August 16, 2022 and is a subsidiary of Penn National Gaming, Inc., which underwent a change of corporate name around August 2022 to PENN Entertainment, Inc. ("PENN"). PENN, under its previous corporate name, Penn

National Gaming, Inc. is the holder of the Video Lottery Operation License and Sports Wagering Facility License issued by the Commission. On November 4, 2021, Penn Sports Interactive, LLC, a subsidiary of Penn National Gaming, Inc., which is now PENN, was found qualified for a Sports Wagering Facility Operator License by application of alternative licensing standards by the Commission.

### 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 states 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 and casino-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**

PENN Entertainment, Inc. operates 43 destinations across the United States with a variety of gaming, live and simulcast racing, entertainment and hospitality offerings. On May 27, 2021, the Commission awarded a Video Lottery Operation License to Penn National Gaming, Inc., which underwent a corporate change of name in August 2022 to PENN Entertainment, Inc. PENN currently operates Hollywood Casino Perryville, located in Cecil County, Maryland. The Video Lottery Operation License expires May 21, 2028.

PENN Maryland OSB, LLC is a subsidiary of PENN. Staff is not aware of any unresolved issues that negatively impact the Applicant's qualifications and MLGCA has otherwise found no derogatory information regarding the Applicant or its parent company that would disqualify the Applicant from holding a Mobile Sports Wagering License.

## **Ownership of Applicant**

PENN Maryland OSB, LLC is a subsidiary of PENN, which currently holds a Video Lottery Operation License issued by the Commission. PENN also owns Penn Sports Interactive, LLC, which was found qualified by alternative licensing standards for a Sports Wagering Facility Operator License on November 4, 2021.

## **Principal Qualifiers**

The following individuals have been identified as principals of the Applicant. Each has been issued a Principal Employee License by the Commission except Sonjie Lee DeCaires, who has submitted the appropriate application to the Agency and is undergoing the licensing process:

- Jay Snowden (Principal License Approved: 05/27/2021);
- Harper Ko (Principal License Approved: 05/27/2021) ;
- Erin Chamberlin (Principal License Approved: 05/27/2021); and
- Sonjie Lee DeCaires (Pending).

## **Licensing Inquiry**

PENN Maryland OSB, LLC submitted a Request for Application of Alternative Licensing Standards in support of its request for a Mobile Sports Wagering License. Although Penn Sports Interactive, LLC, a subsidiary of PENN, holds a Sports Wagering Facility License that was issued by the Commission on November 4, 2021, because it was qualified by application of alternative licensing standards in Maryland, its current gaming-related licenses in Maryland and other Commission-approved states are pertinent. Penn Sports Interactive, LLC, stated

that in addition to its Maryland gaming-related license, it holds a current license in these Commission-approved states:

- Michigan Gaming Control Board
  - Type of License: Commercial and Internet Gaming and Sports Betting License (Issued: 03/23/2021)
  - Status: Active and In-Good Standing
  
- Pennsylvania Gaming Control Board
  - Type of Licenses: Affiliate License (Issued: 07/08/2020)
  - Expiration Date: 07/07/2025
  - Status: Active and In-Good Standing
  
- Virginia Lottery
  - Type of Licenses: Sports Betting License (Issued: 05/12/2021)
  - Expiration Date: 05/11/2024
  - 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 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's inquiry with the states identified above confirms that the licenses issued by it are current and valid. The Agency can confirm that the Company's Maryland casino-related license issued by this Commission is current and valid. Staff is not aware of information that would indicate that PENN Maryland OSB, LLC fails to meet the Commission's qualification requirements.

Staff recommends that the Commission find PENN Maryland OSB, LLC 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 PENN Maryland OSB, LLC 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 PENN Maryland OSB, LLC; and
3. Direct the Secretary of the Commission to transmit the decision statement to the Sports Wagering Application Review Commission.