



Lottery and Gaming Control Commission

1800 Washington Boulevard, Suite 330, Baltimore, MD 21230

**In Re the Application of
PPE Maryland Mobile, LLC**

**MOBILE SPORTS WAGERING
LICENSE APPLICANT**

License Applicant Number SW-2022-22

Report Date: October 14, 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 PPE Maryland Mobile, LLC ("Applicant") in connection with its application for a Mobile Sports Wagering License.

PPE Maryland Mobile, LLC, a newly-formed Delaware limited liability company, is a subsidiary of PPE Casino Resorts Maryland, LLC, d/b/a Live! Casino and Hotel ("PPECRM" or "the Company"). The Company is the holder of the Video Lottery Operation License for Anne Arundel County, Maryland and is

the owner and operator of Live! Casino and Hotel. PPECRM was qualified by the Commission for a Sports Wagering Facility License by application of alternative licensing standards on October 6, 2021 and was issued a Sports Wagering Facility License on December 10, 2021.

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

On June 4, 2012, the Commission awarded a Video Lottery Operation License to PPE Casino Resorts Maryland, LLC. The Company owns and operates Live! Casino and Hotel located in Anne Arundel County, Maryland. The Video Lottery Operation License expires June 3, 2027. The Applicant is a subsidiary of the Company. 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's or PPECRM that would disqualify the Applicant from holding a Mobile Sports Wagering License.

Ownership of Applicant

During the term of the PPECRM's casino operator license, the Commission has approved several structural ownership changes. In 2009, PPECRM was awarded a license to operate Maryland Live! Casino, which is currently doing

business as Live! Casino and Hotel. PPECRM was wholly owned by Maryland Live Holdings, LLC which in turn was wholly owned by PPE Casino Resorts Maryland Developer, LLC. The members of PPECRM and their respective ownership interests at the time the operator license was awarded were:

- Jonathan A. Cordish (88%);
- Joseph S. Weinberg (10%); and
- Charles F. Jacobs (2%).

During the past twelve years, the Cordish family has consolidated 80% of their interest into a limited liability company, Pratt Street Management, LLC.

Principal Qualifiers

The following individuals have been identified as principals and are currently licensed by the Commission:

- Johnathan A. Cordish (Principal License Approved: 09/30/2009);
- Blake Cordish (Principal License Approved: 09/30/2009);
- Reed Cordish (Principal License Approved: 09/30/2009); and
- Joseph S. Weinberg (Principal License Approved: 09/30/2009).

Licensing Inquiry

PPE Maryland Mobile, LLC submitted a Request for Application of Alternative Licensing Standards in support of its request for a Mobile Sports Wagering License. Although PPECRM, the Applicant's parent company, holds a Sports Wagering Facility License that was issued by the Commission on December 10, 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. PPECRM, the parent company of the Applicant stated that in addition to its Maryland gaming-related license, it holds current licenses in this Commission-approved state:

- Pennsylvania Gaming Control Board
 - Type of Licenses: (1) Live! Casino and Hotel Philadelphia was approved for a Category 2 license on 08/14/19; (2) Live! Casino Pittsburgh was approved for a Category 4 license on 08/14/19. On 10/30/19, the PGCB issued a sports wagering certificate which authorizes Live! Casino to operate a retail sportsbook at its Category 2 casino in Philadelphia and its Category 4 casino in Pittsburgh.
 - Expiration Date: The Category 2 and Category 4 license expire 08/13/2024
 - 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 can confirm that the Company's Maryland casino-related license issued by this Commission is current and valid. The Agency's inquiry with the state identified above confirms that the licenses issued by it are current and valid. Staff is not aware of information that would indicate the PPE Maryland Mobile, LLC fails to meet the Commission's qualification requirements.

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