



Lottery and Gaming Control Commission

1800 Washington Boulevard, Suite 330, Baltimore, MD 21230

**In Re the Application of
BetFred Sports (Maryland), LLC
d/b/a BetFred**

**ONLINE SPORTS WAGERING OPERATOR
LICENSE APPLICANT**

License Applicant Number SW-2022-21

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 Agency will work with the operator to ensure that all applicable requirements are met prior to issuing a license to operate.

Process

As a prerequisite to being eligible for an Online Sports Wagering License, an applicant must submit an Online Sports Wagering License Operator 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 36.10.06.02 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 BetFred Sports (Maryland), LLC (“BetFred” or “the Applicant”) in connection with its application for an Online Sports Wagering Operator License.

BetFred Sports (Maryland), LLC partners with leading operators, sportsbook platforms and leagues across the global sports betting and gaming industry. BetFred Group Limited (the “Company” or “BetFred Group”) remains a privately

held, family run business with Fred Done making the business decisions on the behalf of the Company. Currently, the Company is licensed to conduct business internationally in Gibraltar, Ireland, South Africa, Spain and the United Kingdom. In the United States, BetFred Group has been granted or has applied for gaming licenses by state regulatory authorities in Arizona, Colorado, Indiana, Iowa, Louisiana, Pennsylvania, and Washington, and by three tribal gaming commissions and agencies.

On August 10, 2022, BetFred Sports (Maryland), LLC was found qualified and issued a Sports Wagering Facility Operator License by the Commission after undergoing a full background investigation by the Agency. BetFred Sports (Maryland), LLC has applied for an Online Sports Wagering Operator License.

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 an Online Sports Wagering Operator 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 or sports wagering-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

The Commission found BetFred Sports (Maryland), LLC qualified after undergoing a full background investigation by the Agency. On August 10, 2022, the Applicant was issued a Sports Wagering Facility Operator License. BetFred Group, the parent company of the Applicant, is licensed or has applied to conduct business internationally in Gibraltar, Ireland, South Africa, Spain and the United Kingdom. In the United States, BetFred Group has been granted gaming licenses by state regulatory authorities in Arizona, Colorado, Indiana, Iowa, Louisiana,

Pennsylvania, and Washington, and by three tribal gaming commissions and agencies.

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 BetFred Sports (Maryland), LLC d/b/a BetFred that would disqualify it from holding an Online Sports Wagering Operator License.

Ownership of Company and Applicant

BetFred Sports (Maryland), LLC is a direct or indirect subsidiary of BetFred USA Sports (TWO) LLC, BetFred USA Sports LLC, BetFred International Holdings Ltd., Lightcatch Ltd. and BetFred Group Ltd. With the exception of BetFred Sports (Maryland), LLC, each of these entities has been granted a Sports Wagering Principal Entity license by the Agency. BetFred Sports (Maryland), LLC currently holds a Sports Wagering Facility Operator License.

The ultimate parent company, BetFred Group, is owned by numerous trusts. Mr. Fred Done and Mr. Peter Done are the trustees of each of the trusts. There have been no changes in ownership since the issuance of the Sports Wagering Facility Operator License to BetFred Sports (Maryland), LLC. BetFred Group is privately owned by the Done family. As of July 6, 2022, the following family trusts held a 5% or greater economic ownership interest in BetFred Group:

- Fred Done 1991 No. 3 Life Interest Settlement (23.4%);
- Fred Done 1991 No. 1 Life Interest Settlement (22.7%);
- Fred Done 2007 Family Discretionary Trust (15.4%);
- Peter E Done 1991 No. 4 Life Interest Settlement (11.7%);
- Peter E Done No. 1 Life Interest Settlement (11.0%); and
- Peter E Done 2007 Family Discretionary Trust (7.7%).

Mr. Fred Done and Mr. Peter Done serve as the trustees of each of the trusts and both individuals have filed a Sports Wagering Principal Employee Application with the Commission. Numerous members of the Done family are beneficiaries of the trusts.

Principal Qualifiers

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

- Mark Stebbings (Temporary Principal License Approved: 5/31/22);
- Nicola Barr (Temporary Principal License Approved: 12/14/21);
- Cynthia Hayes (Temporary Principal License Approved: 6/2/2022);
- Bryan Bennet (Temporary Principal License Approved: 5/31/22);
- Joanne Whittaker (Temporary Principal License Approved: 5/31/22);
- Fred Done (Temporary Principal License Approved: 7/19/22); and
- Peter Done (Temporary Principal License Approved: 7/19/22).

Licensing Inquiry

BetFred Sports (Maryland), LLC submitted a Request for Application of Alternative Licensing Standards in support of its request for an Online Sports Wagering Operator License. The Applicant was recently qualified by the Commission as a Sports Wagering Facility Operator after the Agency conducted a full investigation. BetFred Sports (Maryland), LLC's qualification was based on the provisions in the Sports Wagering Law by clear and convincing evidence. Subsequent to qualification, BetFred Sports (Maryland), LLC was issued a Sports Wagering Facility Operator License on August 10, 2022.

CONCLUSION AND RECOMMENDATIONS

Along with the Request for Application of Alternative Licensing Standards and Affidavit, the Applicant has submitted, the Applicant has submitted: a completed Online Sports Wagering Operator License Application, adequate proof of bond and all required fees. Staff is not aware of information that would indicate BetFred Sports (Maryland), LLC fails to meet the Commission's qualification requirements.

Staff recommends that the Commission find BetFred Sports (Maryland), LLC qualified for an Online Sports Wagering Operator License based on the Commission's recent qualification and issuance of a Sports Wagering Facility Operator License to BetFred Sports (Maryland), LLC and 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 BetFred Sports (Maryland), LLC has established by application of alternative licensing standards that it is qualified for an Online Sports Wagering Operator License by clear and convincing evidence;
2. Delegate to Staff the authority to draft the Commission's decision statement on the qualification of BetFred Sports (Maryland), LLC.