

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

**Application for a Class B-2 Sports Wagering Facility License
Canton Gaming, LLC (Canton)
License Applicant No. 2022-SW-41**

**Qualification Hearing before
the Maryland Lottery and Gaming Control Commission
January 26, 2023**

On January 26, 2023, the Maryland Lottery and Gaming Control Commission (“Commission”) held a meeting during which it conducted a hearing to determine whether Canton Gaming, LLC (“Applicant” or “Canton Gaming”) is qualified for a sports wagering facility 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 sports wagering facility license. Unless a person holds a valid sports wagering facility license issued by the Commission, the person may not conduct, offer, or operate in-person sports wagering at a location in the State.

3. An applicant for a sports wagering-related license must submit an application to the Commission. Before it can be issued a sports wagering facility 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 COMAR 36.10.04, 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. Canton Gaming, LLC submitted a B-2 Sports Wagering Facility License Application to the Commission and the Maryland Lottery and Gaming Control Agency (“MLGCA”) conducted an investigation to determine whether Canton Gaming, LLC is qualified for a Class B-2 Sports Wagering Facility License at its Canton location.

Qualification Hearing – January 26, 2023

6. Staff of the MLGCA’s Licensing Division provided the Applicant with written notice of the hearing. Mark Sapperstein was present on behalf of the Applicant. In advance of the meeting, John J. Mooney, MLGCA’s Managing Director of Regulatory Oversight, provided the Commission the confidential full investigative report on Canton Gaming, LLC (Canton). Mr. Mooney made publicly available Staff’s executive summary of the background investigation, and Staff’s recommendations.

Applicant’s Background

7. Canton Gaming, LLC was organized in Maryland on September 6, 2022, and was formed for the purpose of conducting retail sports wagering activities at two Baltimore area facilities located in Greene Turtle sports bars.

8. The Canton sportsbook will go into an existing vacant restaurant space at 3803 Boston Street, Baltimore, MD; construction is estimated to be completed by the end of January 2023.

9. Canton Gaming, LLC and Parx Interactive Maryland, Inc. d/b/a BetPARX, have entered into a non-binding term sheet agreement for a ten-year initial term with two five-year term extensions. Under the terms of the Agreement, Canton Gaming is responsible for the build-out costs of the location and BetPARX will be the exclusive retail sports betting provider to Canton Gaming at the Canton Greene Turtle location.

Ownership of Applicant

10. Canton Gaming, LLC is privately owned by Mark Sapperstein with 93%, Nancy Aviles with 2%, Sheila O'Connell with 2.5%, and Martha McKenna with 2.5%.

11. BetPARX is a subsidiary of Koorungal Holdings Limited; International Turf Investment Co., Inc.; and Greenwood Racing Inc., which are each owned by Watche Manoukian.

Licensing Inquiry

12. Canton Gaming, LLC has submitted a B-2 Sports Wagering Facility License Application for a Canton Greene Turtle sports bar location.

13. Mr. Sapperstein and Mr. Manoukian have each submitted a Principal Employee License Application to the Commission.

14. Koorungal Holdings Limited; International Turf Investment Co., Inc.; and Greenwood Racing Inc. have filed Sports Wagering Principal Entity Disclosure Forms with the Commission.

Discussion of Financial Performance

15. As a recently formed entity, Canton Gaming, LLC has had very limited financial activity and has filed no income tax returns to date. Canton Gaming appears to have sufficient

cash reserves to fund its initial operations and all required betting reserves are the responsibility of BetPARX. Additionally, there are no issues involving Mr. Mark Sapperstein, the sole financial backer of the Applicant.

16. Overall, MLGCA had no concerns with licensure of Canton Gaming, LLC as a Class B-2 Sports Wagering Facility Licensee or with Koorungal Holdings Limited; International Turf Investment Co., Inc.; and Greenwood Racing, Inc. as Sports Wagering Principal Entities.

Results of Background Investigation

17. MLGCA conducted a complete and thorough background investigation as authorized under the Sports Wagering Law by analyzing corporate records and documents; scrutinizing the business operations, practices, and transactions of Canton Gaming, LLC (Canton); and conducting interviews of key personnel, focusing on required qualification criteria involving integrity and financial stability.

18. MLGCA adhered to well-defined and approved investigative protocols in assembling the factual information incorporated in the MLGCA's report. The results of the investigation for the specific qualification criteria enunciated in SG§ 9-1E-07(e) and COMAR 36.10.03.02 and 36.10.04 and that Canton Gaming, LLC (Canton) is qualified under SG § 9-1E-07(e), and not disqualified under SG § 9-1E-07(g)(1), are summarized:

a) Financial Stability, Integrity and Responsibility

Canton Gaming, LLC's operating history is limited as the Applicant was formed only recently for the purpose of conducting sports wagering activities at two locations in Maryland. As a result of the lack of an extensive operating history, there is a level of unpredictability concerning the Applicant's future prospects. However, Canton Gaming appears to have sufficient cash reserves to fund its initial operations and all required fees. The Applicant satisfied the standards

for financial stability, integrity and responsibility in connection with the B-2 Sports Wagering Facility License Application.

b) Integrity of financial backers, investors, mortgages, bondholders, and other holders of indebtedness

Based on MLGCA review, there are no material issues involving the known financial backers of the Applicant.

c) Good character, honesty, and integrity

MLGCA found that the Applicant possesses the requisite good character, honesty and integrity. No significant issues surfaced concerning the qualifications of the Applicant. There were no material issues discovered pertaining to the Applicant's record of regulatory compliance or litigation matters.

d) Sufficient business ability and experience

Canton Gaming, LLC was organized in Maryland on September 6, 2022, and was formed for the purpose of conducting retail sports wagering activities at two Baltimore area facilities. Both facilities will be located in Greene Turtle sports bars located in Canton and Towson. The Applicant clearly possesses the requisite business ability and experience.

e) Potential disqualifying factors

The Applicant is not disqualified from being issued a Class B-2 Sports Wagering Facility License under SG § 9-1E-07(g)(1) based on any of the criteria listed in COMAR 36.10.03.02.C. The Applicant is qualified to be issued a license by the Commission.

Applicant and Principal Entities

19. The Applicant and its principal entities satisfy the applicable qualification criteria under SG § 9-1E-07(e) and COMAR 36.10.03.02 and 36.10.04, and are not disqualified under COMAR 36.10.03.02.C and SG § 9-1E-07(g)(1).

Sports Wagering Facility License Application

20. The Applicant submitted a completed B-2 Sports Wagering Facility License Application; an affidavit attesting to the minority and women-owned interests of the applicant; all required fees; and proof of adequate bond.

21. MLGCA Staff is not aware of information that would indicate Canton Gaming, LLC (Canton) fails to meet the Commission's qualification requirements.

22. MLGCA Staff recommends that the Commission determine the Applicant has established that it is qualified, by clear and convincing evidence, for a Class B-2 Sports Wagering Facility License.

CONCLUSIONS OF LAW

1. The Applicant has established by clear and convincing evidence that it is qualified for, and is not disqualified from, a Class B-2 Sports Wagering Facility License.

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 MLGCA changes.

3. If MLGCA 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

1-26-25
Date