

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

**Application for a Class B-2 Sports Wagering Facility License  
Kathe P. Hospitality Services, Inc.  
License Applicant No. 2022-SW-40**

**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 Kathe P. Hospitality Services, Inc. (“Applicant”) 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. Kathe P. Hospitality Services, Inc. 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 Kathe P. Hospitality Services, Inc. is qualified for a Class B-2 Sports Wagering Facility License.

#### **Qualification Hearing – January 26, 2023**

6. Staff of the MLGCA’s Licensing Division provided the Applicant with written notice of the hearing. Kathe Piera and Danielle Krolick were 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 Kathe P. Hospitality Services, Inc. Mr. Mooney made publicly available Staff’s executive summary of the background investigation, and Staff’s recommendations.

#### **Applicant’s Background**

7. Kathe P. Hospitality Services, Inc. is an S corporation formed in Maryland on September 10, 2009, and conducts business as Michael’s on the South River (“Michael’s” or “Applicant”).

8. Located in Anne Arundel County at 3027 Riva Road, Riva, Maryland, the Applicant operates mainly as a full-service caterer for large parties and wedding receptions.

Michael's is currently converting its existing venue to be used solely to house the sports wagering operation and is relocating the catering business to an adjacent building.

### **Ownership of Applicant**

9. Michael's is privately-owned by Ms. Kathe Piera with 95%, Ms. Christina Moon with 2.5% and Ms. Roberta Smith with 2.5% of the company. Ms. Piera serves as the Applicant's President and Chief Executive Officer and manages all aspects of the business.

### **Licensing Inquiry**

10. Kathe P. Hospitality Services, Inc. has submitted a B-2 Sports Wagering Facility License Application.

11. Ms. Kathe Piera has submitted a Temporary Principal Employee License Application to the Commission which was approved on January 13, 2023.

### **Discussion of Financial Performance**

12. MLGCA performed a detailed analysis of Michael's unaudited financial statements for the period beginning January 1, 2017 and ending December 31, 2021 and also reviewed the first ten months of calendar year 2022 by reviewing the following:

- Revenues and Expenses;
- Assets, Liabilities and Stockholder Equity;
- Liquidity and Cash Flow;
- Trend Analysis:
  - Current Ratio and Quick Ratio;
  - Operating Profit Margin and Net Profit Margin;
  - Return on Equity and Return on Assets; and
  - Debt to Equity Ratio and Debt Ratio;
- Litigation Search;
- Tax Returns; and
- Credit Bureau Reports.

13. The Applicant's operating performance over the review period has been inconsistent mainly due to the adverse impact of the COVID-19 pandemic. In calendar year 2022 the Applicant began transitioning away from its catering business to focus on the development of a sports wagering operation. Despite the Applicant's inconsistent operating performance, its financial condition as of October 31, 2022 is very sound and benefited greatly from capital contributed by the majority owner over the past two years.

14. Overall, MLGCA found Kathe P. Hospitality Services, Inc. to be financially suitable for a Class B-2 Sports Wagering Facility License.

#### **Results of Background Investigation**

15. 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 Kathe P. Hospitality Services, Inc.; and conducting interviews of key personnel, focusing on required qualification criteria involving integrity and financial stability.

16. 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 Kathe P. Hospitality Services, Inc. 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**

Despite its inconsistent operating performance, the Applicant's financial condition as of October 31, 2022 is very sound and benefited greatly from capital contributed to the business by its majority owner over the past two years. The Applicant satisfies the standards for financial stability, integrity and responsibility.

**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 or its individual qualifiers.

**d) Sufficient business ability and experience**

The Applicant was formed in Maryland on September 10, 2009, and operates mainly as a full-service caterer for large parties and wedding receptions. The Applicant is currently converting its existing venue to be used solely to house the sports wagering operation and is relocating the catering business to an adjacent building. 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**

17. The Applicant and its principal 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**

18. 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.

19. MLGCA Staff is not aware of information that would indicate Kathe P. Hospitality Services, Inc. fails to meet the Commission's qualification requirements.

20. 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

1-26-23

Date