

# Maryland Lottery and Gaming Control Commission

Wes Moore, Governor



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## MARYLAND LOTTERY AND GAMING CONTROL COMMISSION JANUARY MINUTES

DATE: January 26, 2023

TIME: 10:00 a.m.

PLACE: Maryland Lottery Headquarters  
1800 Washington Boulevard, Ste. 330, Baltimore, MD 21230  
and via teleconference

PRESENT: Chair E. Randolph Marriner  
Vice Chair George L. Doetsch, Jr.  
Commissioner F. Vernon Boozer  
Commissioner Diane M. Croghan (via teleconference)  
Commissioner Harold E. Hodges (via teleconference)  
Commissioner James J. Stakem  
Commissioner Jerry Williams (via teleconference)

John Martin, Director  
James Nielsen, Deputy Director, Chief Operating Officer  
James Butler, Assistant Deputy Director, Chief of Staff  
James Logue, Managing Director, Gaming  
John Mooney, Managing Director, Regulatory Oversight  
Solomon Ramsey, Managing Director, Sales and Marketing  
Paula Yocum, Managing Director, Chief Financial Officer  
Seth Elkin, Acting Managing Director, Communications  
Holly Citko, Principal Counsel, Attorney General's Office  
Jennifer Tosky, Deputy Counsel, Attorney General's Office  
Kathy Lingo, Executive Assistant

OTHERS: Representative from Hollywood Casino Perryville  
Representative from Ocean Downs Casino  
Representative from Live! Casino  
Representative from Rocky Gap Casino Resort  
Representative from Horseshoe Casino Baltimore  
Representative from MGM National Harbor  
Representative from Canton Gaming, LLC  
Representatives from Kathe P. Hospitality Services, Inc.  
Representative from Crab Sports Maryland  
Representatives from SBOpco, LLC  
MLGCA Staff

**E. Randolph Marriner, Chair**

F. Vernon Boozer, Diane M. Croghan, George L. Doetsch, Jr., Harold E. Hodges, James J. Stakem, Jerry E. Williams

## **QUORUM ESTABLISHED**

Chair Marriner announced that there was a quorum present for the meeting. Also present in person were Vice Chair George Doetsch and Commissioners Vernon Boozer and James Stakem. Commissioners Diane Croghan, Harold Hodges and Jerry Williams were present via teleconference.

## **CALL TO ORDER**

Chair Marriner called the meeting of the Maryland Lottery and Gaming Control Commission to order at 10:00 a.m.

## **APPROVAL OF THE AGENDA**

Chair Marriner reported that the Commissioners were provided with a copy of the agenda. Chair Marriner asked for a motion to approve the agenda. Vice Chair Doetsch motioned to approve, Commissioner Boozer seconded, and the motion was unanimously approved.

## **APPROVAL OF THE MINUTES**

Chair Marriner asked if there were any changes to the minutes of the December 15, 2022, Open Session. There being none, he asked for a motion to approve the minutes. Vice Chair Doetsch motioned to approve, Commissioner Stakem seconded, and the motion was unanimously approved.

## **CONSENT AGENDA**

Chair Marriner said the Consent Agenda contains five new instant ticket games for the Commission's approval: #634 (\$1) *Hot 7s*; #635 (\$2) *Hot 7s Doubler*; #636 (\$3) *Red Hot Cash*; #637 (\$5) *Hot 7s Tripler*; and #638 (\$10) *Hot 7s Multiplier*; EGD Games and Component Testing Certified Lab Software, Hardware and Game Certifications for VLTs, Table Game Components, and Instant Bingo Machines (12/1/22 – 1/12/23); Consent Agreements for Regulatory Violations – Hollywood Casino – September and October 2022; Horseshoe Casino – September 2022; Live! Casino – July and August 2022; and MGM National Harbor – July, August and September 2022; Gaming License Application Denials/Revocations; and Staff Reports from James Nielsen, Deputy Director, Chief Operating Officer; James Butler, Assistant Deputy Director, Chief of Staff; James Logue, Managing Director, Gaming; John Mooney, Managing Director, Regulatory Oversight; Solomon Ramsey, Managing Director, Sales and Marketing; Paula Yocum, Managing Director, Chief Financial Officer; Seth Elkin, Acting Managing Director, Communications; and Holly Citko, Principal Counsel, Office of the Attorney General.

Chair Marriner asked if any Commissioners cared to pull any items out of the Consent Agenda. There being no discussion or requests, Chair Marriner asked for a motion to approve the consent agenda. Vice Chair Doetsch motioned to approve, Commissioner Stakem seconded, and the motion was unanimously approved.

## **OPERATOR REPORTS**

### **Hollywood Casino**

Mr. Timothy Shea, Vice President of Operations, reported that December gaming revenue was up 5.9%. Slot machine coin-in was up slightly and table games were up more than 18%, with poker up 30%. Sportsbook revenues were down as online wagering became available. So far in January, overall gaming revenue is up 12.7%, with slots revenue up 8%, table games up 29% driven by the

drop. In line with expectations, handle was down 40% in the retail sportsbook. Gross gaming revenue was up 5.5% for calendar year 2022. Hollywood had a super progressive jackpot winner on New Year's Eve, and also gave away \$1,000 a month of free slot play for 2023 to a winner on New Year's Eve. The casino held several giveaways. Team members participated in volunteer efforts in Havre de Grace around the holidays and contributed to Toys for Tots and Salvation Army.

Chair Marriner asked how Hollywood's successful 2022 is translating into continued momentum in January and beyond. Mr. Shea said the first quarter typically drives the rest of the year, and Hollywood is on a pace similar to last year. The casino has brought on more hosts to help drive table game revenue. He added that the casino is also focused on the opening of the Great Wolf Lodge on August 1, which is adjacent to the property. Hollywood's team has been meeting with representatives from Great Wolf regarding shared services.

### **Ocean Downs Casino**

Ms. Bobbi Sample, General Manager, reported that gaming revenue in December was up 7.3% year-over-year. Slot machine revenue was up \$682,000, or 11%, with coin-in up 17.9%. Table game revenue was down \$192,000, or 22%. Table drop was flat, with hold down 6% compared to December 2021. The sports wagering handle was \$1.3 million in December with a hold of 14.1% and with a taxable win of \$183,000. Ms. Sample said the sportsbook is seeing a decline in volume since online wagering launched, but there is an uptick in the average bet amount. During the last week of December, Harrington Casino in Delaware, which is Ocean Downs' closest competitor, had an unanticipated temporary closure, and Ms. Sample said Ocean Downs was able to attract some of Harrington's customers with promotional offers. A New Year's Eve party was sold out, and the casino gave away a \$2,023 cash prize to one winner. Ocean Downs will partner with a local charity each month in 2023 for a slot tournament. Participants can buy in for \$20, which goes to the charity, and the casino will provide prizes to the top three finishers. Ms. Sample said the tournaments will raise money for local charities and give them an opportunity to educate the public about their work in the community. The first of the tournaments will benefit the Cricket Center, which supports children who have experienced abuse. A Team member survey was recently completed.

### **Rocky Gap Casino**

Mr. Brian Kurtz, General Manager, reported that December gaming revenue was \$4.8 million, down 3.7%, approximately \$183,000, year-over-year. Slot revenues were down 6.6%, or \$305,000, driven by decreases in drop and hold. Table games were up 31% year-over-year, with a 4% increase in hold. Two snow events during the month had an impact on revenues. Mr. Kurtz added that January is going well and should finish ahead of last year. New Year's Eve was very successful, with a 12% increase in overall drop and win. Rocky Gap collected toy donations for Toys for Tots, along with a cash donation. The hotel business was up 3% in 2022, and Mr. Kurtz said there is optimism regarding upcoming bookings in 2023. The casino provide food and prizes to team members during the holidays. Mr. Kurtz said more amenities are planned for the summer months.

Chair Marriner called on Live! Casino; however, no one was available for Live! at this time.

### **Horseshoe Casino**

Mr. Randy Conroy, Vice President and General Manager, reported that slot revenue in December was up slightly to \$11 million, while table games were down slightly at \$5.8 million. There was a

\$160,000 progressive jackpot won on table games. Sports wagering revenue was \$504,000, similar to last December. There was a drop-off in handle, but Mr. Conroy noted that hold was unusually high at 19%. He added that New Year's Eve was a solid day for the casino, but January 1 and 2 were exceptional. Horseshoe did a \$10,000 cash giveaway at 11:30 p.m. on New Year's Eve. Team members were provided meals on Christmas and New Year's Eve, as well as lottery scratch off tickets. Hot food for team members has returned for the first time since pre-COVID. Horseshoe held a blanket donation drive in December, and also completed its economic equity tour, a Caesars Foundation Program that provides tools and resources to assist new vendors in learning how to work with the casino industry. Horseshoe is also working with Baltimore City for the upcoming Central Intercollegiate Athletic Association Tournament that will be held in February. Horseshoe hosted the Japanese Casino Regulatory Commission.

### **MGM National Harbor**

Ms. Melonie Johnson, President and Chief Operating Officer, reported that the casino celebrated its sixth anniversary on December 8. January year-over-year numbers are trending better. The casino is participating in a cross-property marketing plan designed to increase visitation to MGM National Harbor and to Maryland. The company brings in guests from other MGM properties via charter flights, which is helping revenues grow. Ms. Johnson said December gaming revenues were down 7%, due mainly to a 19% decrease in table games revenue, attributable to one customer who visited the property in December 2021, but not in December 2022. Slot revenue was up 2% and continues to grow year-over-year. The outdoor gaming patio added 71 slot machines, and MGM is in the process of adding another 171 games on the casino floor by converting retail space into gaming space. Poker revenue in December was up 20% year-over-year. With the launch of mobile sports wagering, the casino hosted an event on December 4 to watch that day's NFL games and learn more about the BetMGM mobile app. The casino hosted a New Orleans-themed New Year's Eve party, and had numerous events during December in its theater. Ms. Johnson said MGM National Harbor's event and meeting business is doing well, and has reached 136% of last year's total in bookings for 2023.

### **DIRECTOR'S REPORT**

#### ***Director's Report — John Martin, Director***

Director Martin reported that the Lottery business was relatively flat in December compared to December 2021, down slightly on sales and profit. But at the halfway point of Fiscal Year 2023, year-over-year Lottery sales were up 4.5%, and profit was up 9.5%, and Director Martin said he expects a strong second half of the year. Midyear casino revenues are up 4.9% year-over-year, with casino contributions to the State are up 1.8%. Sports wagering handle for the fiscal year is more than \$820 million, with the contributions to the State at nearly \$3.7 million. Maryland Lottery and Gaming staff welcomed staff from Japan's Casino Regulatory Commission for a series of meetings regarding casino licensing and regulation. Director Martin thanked staff from Horseshoe, Hollywood, Live! and MGM National Harbor who also hosted the Japanese delegation for visits.

On January 19, the Lottery had an event for employees and retirees to kick off its 50<sup>th</sup> anniversary celebration. Director Martin said the Lottery is proud to have served the State of Maryland for five decades. In its 50 years, the Lottery has generated \$18.6 billion in contributions to the State, paid \$31.5 billion in prizes to players and has paid \$2.9 billion in retailer commissions to local businesses across the State. The Lottery has a number of products and promotions planned in connection with its 50<sup>th</sup> anniversary. A \$2 *Instant Lottery* scratch-off ticket will launch in February, which is a throwback to the Lottery's first-ever scratch-off of the same name, launched in 1976, as well as a \$50 ticket called *50 Years!*, with a top prize of \$5 million. February also marks the start of

the 50<sup>th</sup> Anniversary Cash Bash promotion, which will culminate in September at the Maryland State Fair, where one person will have the opportunity to win up to \$5 million.

Director Martin noted that along with promoting new games and large prizes, the Lottery also needs to raise the awareness of responsible gaming. He added that Mary Drexler and Heather Eshleman of the Maryland Center of Excellence on Problem Gambling attended the Commission meeting, and that the Center of Excellence is an important partner in the State's responsible gambling efforts. Director Martin noted that input from the Center of Excellence was instrumental in the Maryland Lottery's certification at Level 4 status by the World Lottery Association. Maryland is one of 10 U.S. Lotteries to reach the WLA's highest responsible gambling certification level.

Chair Marriner congratulated Director Martin of the 50<sup>th</sup> Anniversary Kickoff event.

### **COMMISSION ACTION ITEMS**

*Managing Director, Gaming* — **James Logue**

#### **Commission Action Item — Live! Casino VLT Reallocation and Temporary VLT Reduction**

Mr. Logue reported that Live! Casino has submitted two requests for Commission approval. The first request is for a reallocation of the number of VLTs permitted on its gaming floor, and the second is for the temporary reduction of the number of VLTs on its gaming floor. The requests are being made in an effort to pair the increase in VLTs with the new additions to the Live! facility, such as the hotel, event center and sportsbook, for an expanded gaming experience, and to achieve the highest potential revenues. Live! Casino is requesting an increase of 248 VLTs, which would raise its authorized VLT count to 4,000.

The second request is for the Commission's approval of a temporary reduction of its authorized VLT count. Live! Casino states that a temporary reduction will provide it with the opportunity and flexibility to modify and improve its configuration and selection of VLTs on the gaming floor. The configuration of Live! Casino's new floorplan is not yet complete, but a draft of its most recent floorplan has been provided to the Commission. With Commission approval, this project is scheduled to begin on or about February 1, 2023, with anticipated completion on or about January 31, 2024.

Mr. Logue noted that this is an alternative request. If the Commission does not approve Live! Casino's request to raise its authorized VLT count to 4,000, then its request is to temporarily decrease its VLT count by up to 52 VLTs, from 3,752 to 3,700. If the Commission approves the increase of Live! Casino's authorized VLT count to 4,000, then the request is to temporarily decrease its authorized VLT count from 4,000 by up to 300 VLTs, which would result in a minimum of 3,700 VLTs on the gaming floor at any one time.

Either approved temporary reduction would be in place until January 31, 2024.

Chair Marriner noted that the Commission has not dictated how the casinos manage their gaming floors. He added that the Commission's position has been to help the casinos maximize the money generated for all of the State programs they contribute to.

There being no questions from Commission members, the Chair asked for a motion to approve Live! Casino's request for an increase in the number of authorized VLTs from the current maximum limit of 3,752, to a new maximum limit of 4,000. Vice Chair Doetsch so motioned, Commissioner Stakem seconded, and the motion was unanimously approved.

Chair Marriner then asked for a motion to approve a temporary reduction in Live! Casino's authorized VLT count from 4,000 to 3,700. Vice Chair Doetsch so motioned, Commissioner Stakem seconded, and the motion was unanimously approved.

Chair Marriner asked for a motion to approve the temporary reduction only until January 31, 2024. Vice Chair Doetsch so motioned, Commissioner Stakem seconded, and the motion was unanimously approved.

**Commission Action Items — Qualification Hearings — *Managing Director, Regulatory Oversight* – John Mooney**

Mr. Mooney apologized to the Commissioners regarding the missing pages of the reports originally mailed out January 18, 2023. Chair Marriner noted it was good that the reports were also provided the Commissioners electronically.

Chair Marriner said the Commission would be conducting qualification hearings for sports wagering-related licenses. He stated that Mr. Mooney would provide the breakdown of who the applicants are and for which sports wagering-related licenses they are seeking qualification.

Chair Marriner collectively administered the oath to anyone who may testify or answer a question in any of the hearings. Those sworn in were MLGCA Staff: John Mooney, Phil Metz, Mike Pfisterer, Mark Ermer, David Robinson, Linda Willis, and Barry Laurent; and representatives for the applicants: Rob Reuben and Mark Starr for SBOPco, LLC; Derek Baker of Crab Sports; Mark Sapperstein of Caton Gaming; and Kathe Piera of Kathe P. Hospitality Services, Inc.

Chair Marriner stated that Mr. Mooney would be conducting a separate hearing for each applicant and describe the results of Staff's investigation. Anyone present for the hearing on behalf of the applicants would be given the opportunity to address the Commission and answer questions. The Commission may ask questions of Staff or a representative of the applicant. At the end of each hearing, Mr. Mooney would ask for a motion to find the applicant qualified for the sports-wagering related license the applicant is seeking. If found qualified, Mr. Mooney would ask for a motion to direct the Staff to draft a decision statement. If the sports-wagering related license the applicant is seeking must be awarded by the Sports Wagering Application Review Commission (SWARC), Mr. Mooney would ask for a motion to transmit the decision statement to SWARC.

Mr. Mooney stated that there would be seven qualification hearings for applicants for sports wagering-related licenses: Canton Gaming, LLC (Canton) and Canton Gaming, LLC (Towson), both seeking Class B-2 Sports Wagering Facility Licenses; Crab Sports Maryland seeking a Mobile Sports Wagering License; Kathe P. Hospitality Services, Inc. seeking a Class B-2 Sports Wagering Facility License; and SBOPco, LLC d/b/a SuperBook, seeking a Sports Wagering Facility Operator License, an Online Sports Wagering Operator License, and a Mobile Sports Wagering License.

Mr. Mooney noted that the investigative reports were provided to Commission members prior to the meeting and added that publicly available summaries of the reports are available at [mdgaming.com](http://mdgaming.com). Mr. Mooney then read a statement that pertained to all seven hearings, which outlined the laws and regulations that govern the sports wagering licensing qualification standards. To qualify for any sports wagering-related license, an applicant must submit the appropriate application and prove to the Commission by clear and convincing evidence that it meets the qualification criteria under the Sports Wagering Law.

All applicants presented had previously submitted completed applications for the licenses they were seeking, adequate proof of bond and all required fees.

## **Commission Action Items — Canton Gaming, LLC (Canton) and Canton Gaming, LLC (Towson)**

Mr. Mooney started with the two applications by Canton Gaming, LLC. Mr. Mooney summarized the publicly available Executive Summary of the MLGCA's investigative report on Canton Gaming, LLC. The Agency 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, and conducting interviews of key personnel, focusing on required qualification criteria involving integrity and financial stability. The Agency adhered to well-defined and approved investigative protocols in assembling the factual information incorporated in the Agency's report. The results of the investigation are that:

- 1) Canton Gaming, LLC was found to have financial stability, integrity and responsibility;
- 2) There were no material issues involving the known financial backers;
- 3) Canton Gaming, LLC possesses the requisite good character, honesty and integrity;
- 4) Canton, LLC has sufficient business ability and experience; and
- 5) There were no potential disqualifying factors.

The Applicant and its principal entities satisfy the applicable qualification criteria and are not disqualified. Mark Sapperstein and Watche Manoukian have been identified as principals of the Applicant. Mr. Sapperstein's Principal License Application is pending and Mr. Manoukian was issued a Temporary Principal Employee License on August 25, 2022. The Agency's investigation has confirmed that the Applicant has sufficient financial resources and found no derogatory information regarding the Applicant's qualifications. Staff recommends that the Commission find Canton Gaming, LLC qualified for two B-2 Sports Wagering Facility Licenses, one for a Canton location and one for a Towson location based on the provisions of the Sports Wagering Law by clear and convincing evidence.

Chair Marriner asked if any representatives of the applicant wished to address the Commission. Mr. Mark Sapperstein, a representative for Canton Gaming, LLC, thanked the Commission for its time and effort. He stated that Canton Gaming is looking forward to getting started if it is approved.

Chair Marriner asked if any of the Commissioners had any questions. Commissioner Hodges asked Mr. Mooney how the Commission can determine that an entity is financially capable if there is limited financial information on its performance? Mr. Mooney said the determination was based on the past history of the business owner, Mr. Sapperstein, with prior businesses. He added that the intent of the Sports Wagering Law was to let people enter the market who are locally based rather than limit it to national companies. Chair Marriner asked whether the Commission has been consistent in its complete review of each applicant for sports-wagering related licenses. Mr. Mooney said that was correct.

### **Canton Gaming, LLC (Canton) — Class B-2 Sports Wagering Facility License Applicant**

There being no further questions or discussion, Chair Marriner asked for a motion to find that Canton Gaming, LLC has established by clear and convincing evidence that it is qualified for a Class B-2 Sports Wagering Facility License for its Canton location. Vice Chair Doetsch so motioned, Commissioner Stakem seconded, and the motion was approved by a 6-1 vote, with Commissioner Hodges opposed.

Chair Marriner then asked for a motion to direct Staff to draft the Commission's decision statement on the qualification of Canton Gaming, LLC for a Class B-2 Sports Wagering Facility License for its

Canton location. Vice Chair Doetsch so motioned, Commissioner Williams seconded, and the motion was unanimously approved.

Chair Marriner asked for a motion to direct the Secretary of the Commission to transmit the decision statement to Sports Wagering Application Review Commission (SWARC). Vice Chair Doetsch so motioned, Commissioner Stakem seconded, and the motion was unanimously approved.

### **Canton Gaming, LLC (Towson) — Class B-2 Sports Wagering Facility License Applicant**

Mr. Mooney then asked for approval of the same motions for Canton Gaming's Towson location. Chair Marriner then asked for a motion to find that Canton Gaming, LLC has established by clear and convincing evidence that it is qualified for a Class B-2 Sports Wagering Facility License for its Towson location. Vice Chair Doetsch so motioned, Commissioner Stakem seconded, and the motion was approved by a 6-1 vote, with Commissioner Hodges opposed.

Chair Marriner then asked for a motion to draft the Commission's decision statement on the qualification of Canton Gaming, LLC for a Class B-2 Sports Wagering Facility License for its Towson location. Vice Chair Doetsch so motioned, Commissioner Stakem seconded, and the motion was unanimously approved.

Chair Marriner asked for a motion to direct the Secretary of the Commission to transmit the decision statement to SWARC. Vice Chair Doetsch so motioned, Commissioner Stakem seconded, and the motion was unanimously approved.

### **Commission Action Item — Crab Sports Maryland — Mobile Sports Wagering License Applicant**

Mr. Mooney summarized the publicly available Executive Summary of the MLGCA's investigative report on Crab Sports Inc., incorporated in Delaware on October 22, 2021, formed for the purpose of conducting mobile and online sports wagering.

The Agency 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 Crab Sports Inc. and conducting interviews of key personnel, focusing on required qualification criteria involving integrity and financial stability. The Agency adhered to well-defined and approved investigative protocols in assembling the factual information incorporated in the Agency's report. The results of the investigation are that:

- 1) Crab Sports Inc. was found to have financial stability, integrity and responsibility;
- 2) There were no material issues involving the known financial backers;
- 3) Crab Sports Inc. possesses the requisite good character, honesty and integrity;
- 4) Crab Sports Inc. has sufficient business ability and experience; and
- 5) There were no potential disqualifying factors.

The applicant and its principal entities satisfy the applicable qualification criteria and are not disqualified.

The Agency's investigation has confirmed that the applicant has sufficient financial resources and found no derogatory information regarding the applicant's qualifications. Staff recommends that the Commission find Crab Sports Inc. qualified for a Mobile Sports Wagering License based on the provisions of the Sports Wagering Law by clear and convincing evidence.



Chair Marriner asked if any representatives of the applicant wished to address the Commission. Derek Baker, co-founder of Crab Sports, thanked for the commission for its consideration. Mr. Baker thanked Teresa Amann, Russ Newell and Dana Tayag for making the process smooth.

There being no further discussion, Chair Marriner asked for a motion to find that Crab Sports Inc. has established by clear and convincing evidence that it is qualified for a Mobile Sports Wagering License. Commissioner Stakem so motioned, Commissioner Williams seconded, and the motion was approved by a 6-1 vote, with Commissioner Hodges opposed.

Chair Marriner then asked for a motion to draft the Commission's decision statement on the qualification of Crab Sports Inc. for a Mobile Sports Wagering License. Commissioner Stakem so motioned, Commissioner Williams seconded, and the motion was unanimously approved.

Chair Marriner asked for a motion to direct the Secretary of the Commission to transmit the decision statement to SWARC. Vice Chair Doetsch so motioned, Commissioner Stakem seconded, and the motion was unanimously approved.

### **Commission Action Item — Kathe P. Hospitality Services, Inc.— Class B-2 Sports Wagering Facility License**

Mr. Mooney summarized the publicly available Executive Summary of the MLGCA's investigative report on Kathe P. Hospitality Services, Inc., an S corporation formed in Maryland on September 10, 2009, that conducts business as Michael's on the South River located in Anne Arundel County. As of the time of the Agency's review, a Sports Wagering Facility Operator had not been identified.

Kathe P. Hospitality Services, Inc. filed a Class B-2 Sports Wagering Facility License Application with the Commission. The Agency 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. The Agency adhered to well-defined and approved investigative protocols in assembling the factual information incorporated in the Agency's report. The results of the investigation are that:

- 1) Kathe P. Hospitality Services, Inc. was found to have financial stability, integrity and responsibility;
- 2) There were no material issues involving the known financial backers;
- 3) Kathe P. Hospitality Services, Inc. possesses the requisite good character, honesty and integrity;
- 4) Kathe P. Hospitality Services, Inc. has sufficient business ability and experience; and
- 5) There were no potential disqualifying factors.

The applicant and its principal satisfy the applicable qualification criteria and are not disqualified. Kathe Piera is the only principal associated with the applicant. She submitted a Temporary Principal License Application to the Commission which was approved on January 13, 2023.

The Agency's investigation has confirmed that the applicant has sufficient financial resources and found no derogatory information regarding the applicant's qualifications. Staff recommends that the Commission find Kathe P. Hospitality Services, Inc. qualified for a Class B-2 Sports Wagering Facility License based on the provisions of the Sports Wagering Law by clear and convincing evidence.

Chair Marriner noted that all applicants have paid application fees and posted the required bonds, and that bets accepted by lower-capitalized operators are covered by their bonds. Mr. Mooney added that licensees are also required to maintain cash reserves to cover bets.

There being no further discussion, Chair Marriner asked for a motion to find that Kathe P. Hospitality Services, Inc. has established by clear and convincing evidence that it is qualified for a Class B-2 Sports Wagering Facility License. Commissioner Williams so motioned, Vice Chair Doetsch seconded, and the motion was approved by a 6-1 vote, with Commissioner Hodges opposed.

Chair Marriner then asked for a motion to direct Staff to draft the Commission's decision statement on the qualification of Kathe P. Hospitality Services, Inc. for a Class B-2 Sports Wagering Facility License. Vice Chair Doetsch so motioned, Commissioner Stakem seconded, and the motion was unanimously approved.

Chair Marriner asked for a motion to direct the Secretary of the Commission to transmit the decision statement to SWARC. Vice Chair Doetsch so motioned, Commissioner Williams seconded, and the motion was unanimously approved.

### **Commission Action Item — SBOpco, LLC**

Mr. Mooney summarized the publicly available Executive Summary of the MLGCA's investigative report on SBOpco, LLC. doing business under the names of SuperBook and SuperBook Sports. The applicant is a multi-state mobile and retail sports entertainment and gaming company that offers users opportunities to place sports wagers on its website, mobile applications, and a retail sportsbook facility.

SBOpco has been issued sports wagering and gaming related licenses in Colorado, New Jersey, and Arizona, Tennessee, Iowa, and Ohio. The applicant is registered to do business in Maryland and has partnered with the Baltimore Orioles to promote its sportsbook. SBOpco has submitted a Mobile Sports Wagering License Application; a Sports Wagering Facility Operator License Application; and an Online Sports Wagering Operator License Application to the Commission.

The Agency 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 SBOpco, LLC, d/b/a SuperBook and conducting interviews of key personnel, focusing on required qualification criteria involving integrity and financial stability. The Agency adhered to well-defined and approved investigative protocols in assembling the factual information incorporated in the Agency's report. The results of the investigation are that:

- 1) SBOpco, LLC was found to have financial stability, integrity and responsibility;
- 2) There were no material issues involving the known financial backers;
- 3) SBOpco, LLC possesses the requisite good character, honesty and integrity;
- 4) SBOpco, LLC has sufficient business ability and experience; and
- 5) There were no potential disqualifying factors.

The applicant and its principal entity satisfy the applicable qualification criteria and are not disqualified.

The Agency's investigation has confirmed that the applicant has sufficient financial resources and found no derogatory information regarding the applicant's qualifications. Staff recommends that the Commission find SBOpco, LLC qualified for a Mobile Sports Wagering License; an Online Sports

Wagering Operator License; and a Sports Wagering Facility Operator License by clear and convincing evidence.

Chair Marriner asked if any representatives of the applicant wished to address the Commission. Mr. Mark Starr, Associate General Counsel & Director of Regulatory Compliance for SuperBook Sports, thanked the Commission and Agency Staff that helped with this process.

#### **SBOpco, LLC d/b/a SuperBook — Mobile Sports Wagering License**

There being no further discussion, Chair Marriner asked for a motion to find that SBOpco, LLC d/b/a SuperBook has established by clear and convincing evidence that it is qualified for a Mobile Sports Wagering License. Vice Chair Doetsch so motioned, Commissioner Stakem seconded, and the motion was approved by a 6-1 vote, with Commissioner Hodges opposed.

Chair Marriner then asked for a motion to direct Staff to draft the Commission's decision statement on the qualification of SBOpco, LLC d/b/a SuperBook for a Mobile Sports Wagering License. Vice Chair Doetsch so motioned, Commissioner Stakem seconded, and the motion was unanimously approved.

Chair Marriner asked for a motion to direct the Secretary of the Commission to transmit the decision statement to SWARC. Vice Chair Doetsch so motioned, Commissioner Stakem seconded, and the motion was unanimously approved.

#### **SBOpco, LLC d/b/a SuperBook — Online Sports Wagering Operator License**

Chair Marriner asked for a motion to find that SBOpco, LLC d/b/a SuperBook has established by clear and convincing evidence that it is qualified for an Online Sports Wagering Operator License. Vice Chair Doetsch so motioned, Commissioner Stakem seconded, and the motion was approved by a 6-1 vote, with Commissioner Hodges opposed.

Chair Marriner then asked for a motion to direct Staff to draft the Commission's decision statement on the qualification of SBOpco, LLC d/b/a SuperBook for an Online Sports Wagering Operator License. Vice Chair Doetsch so motioned, Commissioner Stakem seconded, and the motion was unanimously approved.

#### **SBOpco, LLC d/b/a SuperBook — Sports Wagering Facility Operator License**

Chair Marriner asked for a motion to find that SBOpco, LLC d/b/a SuperBook has established by clear and convincing evidence that it is qualified for a Sports Wagering Facility Operator License. Vice Chair Doetsch so motioned, Commissioner Stakem seconded, and the motion passed 6 to 1, with Commissioner Hodges opposed.

Chair Marriner then asked for a motion to direct Staff to draft the Commission's decision statement on the qualification of SBOpco, LLC d/b/a SuperBook for a Sports Wagering Facility Operator License. Vice Chair Doetsch motioned, Commissioner Stakem seconded, and the motion was unanimously approved.

Commissioner Stakem stated that the Commission appreciated all of the hard work Mr. Mooney and his staff have done. Mr. Mooney directed the appreciation toward his licensing staff.

Mr. Ryan Eller, General Manager of Live! Casino, joined the meeting late and was unavailable to give his report during the Casino Reports segment of the meeting. At the conclusion of the qualification hearings, Chair Marriner asked Mr. Eller to provide his report.

## **Live! Casino**

Mr. Ryan Eller, General Manager, reported that in December, gaming revenue was \$59.2 million, which was roughly flat compared to November and down 4.5% compared to December 2021. Slot revenue was \$40.8 million, up slightly from November, but down 2.5% from last December. Table games finished at \$16.8 million, up \$800,000 from November and down 10.7% compared to December 2021. The retail sportsbook finished December at \$200,000, down from the \$2.7 million in November. Mr. Eller noted that the retail sportsbook decline was predictable with the launch of mobile sports wagering. Live! is partnered with FanDuel for a mobile sportsbook, which recorded \$236 million in handle and \$45 million in gross revenue in December. More than 2,000 employees attended a holiday party, and the casino donated holiday gifts to 40 families and participated in the Toys for Tots program. Live! also sponsored an Anne Arundel County Chamber of Commerce event that honored first responders. The casino hosted a minority outreach fair that Mr. Eller said was the best-attended event of its kind that the property has held, with 145 companies participating.

## **CLOSED SESSION**

There was no need for the Commission to go into a closed session.

## **DATE AND TIME OF NEXT MEETING**

The next regular Commission meeting will be held on Thursday, February 23, 2023, at 10:00 a.m., in-person at Maryland Lottery and Gaming headquarters in Baltimore and via audio/video conference.

## **ADJOURNMENT**

There being no further business, Chair Marriner adjourned the meeting at 11:27 a.m.

Respectfully submitted,

  
John Martin  
Director