
MARYLAND LOTTERY and GAMING CONTROL COMMISSION

1800 Washington Blvd., Suite 330, Baltimore, Maryland 21230



**In Re the Application of
Whitman Gaming, Inc.**

**SPORTS WAGERING FACILITY
LICENSE APPLICANT**

License Applicant Number: SW-2022-48

Report Date: March 8, 2023

“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 Regulatory Licensing and Investigations 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 summarized 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 Class B-2 Sports Wagering Facility License, an applicant must submit a Sports Wagering Facility 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 36.10.04 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 Maryland Lottery and Gaming Control Agency (“Agency,” “we” or “our”), conducted a suitability background license investigation of Whitman Gaming, Inc. (“Company” or “Applicant”) in connection with its application for a Sports Wagering Facility License.

Whitman Gaming, Inc., was incorporated in Maryland on February 28, 2022, and has its principal office located in Annapolis, Maryland. The Company was formed for the purpose of holding a license to operate a retail sportsbook facility. The facility will operate within the Sports & Social Bethesda sports bar located in North Bethesda, Maryland (the “Facility”).

INVESTIGATION INTO APPLICANT

Background and Ownership

The Company is privately owned solely by Mr. Carroll H. Hynson, Jr. The Applicant and PPE Casino Resorts Maryland, LLC (“PPE”), under the terms of a Retail Sportsbook Letter of Intent, expect to enter into a Retail Sportsbook Operator Agreement with respect to the Facility.

Under the terms of the Letter of Intent, PPE may subcontract any of these services to one or more third parties selected by PPE at its reasonable discretion. PPE anticipates that it will subcontract required services to Betfair Interactive US, LLC (d.b.a. FanDuel Sportsbook) which currently operates its retail sportsbook at Live! Casino Hotel Maryland (“Live! Casino”).

The Company has entered into a sublease agreement with S&S Bethesda, LLC (d.b.a. Sports & Social Bethesda). The sublease provides the Company with the space in which to operate the sportsbook within the Facility’s premises.

Whitman Gaming, Inc. has filed a Sports Wagering Facility License Application with the

Maryland Lottery and Gaming Control Commission and Mr. Carroll H. Hynson, Jr., has filed a Principal Employee License Application with the Commission.

Ownership of PPE Casino Resorts Maryland, LLC

PPE was incorporated in Maryland on January 22, 2009, and is an indirect, wholly-owned subsidiary of PPE Casino Resorts Maryland Developer, LLC, which is owned by MDL Holdings, LLC (88%) and by two individuals and three Trusts (12%). MDL Holdings, LLC is owned by Pratt Street Management, LLC (80%) and various individuals and Trusts of the Cordish family (20%). Pratt Street Management is also owned by various individuals and Trusts of the Cordish family (100%). Jonathan A. Cordish, Blake L. Cordish and Reed S. Cordish each own more than 5% of PPE through their ownership interests in Pratt Street Management, LLC and MDL Holdings, LLC. Charles F. Jacobs is the Trustee of each of the Cordish Trusts that indirectly hold interests in PPE in the aggregate of more than 5% through the Trust interests held in Pratt Street Management, LLC and MDL Holdings, LLC. Jonathan A. Cordish, Blake L. Cordish, Reed S. Cordish and Charles F. Jacobs are all currently licensed as a Principal Employee by the Commission.

DISCUSSION OF FINANCIAL PERFORMANCE

Financial Review

As a recently formed entity, the Applicant has had very limited financial activity and has filed no income tax returns to date. The Applicant's financial backers have been its sole owner, Mr. Carroll H. Hynson, Jr., and PPE Casino Resorts Maryland, LLC. There are no estimated costs to the Company for the sportsbook build-out and startup of the Facility, as these costs are anticipated to be the responsibility of PPE. In addition, PPE paid the Applicant's Sports Wagering Facility Application fee and will be responsible for providing the required betting reserve for the Facility.

As of September 30, 2022, PPE had \$114.7 million in cash and cash equivalents available to assist in meeting the financial operating needs of the Facility's sportsbook. Betfair Interactive US, LLC is a subsidiary of Flutter Entertainment, Plc which had \$1.83 billion in cash and cash

equivalents as of June 30, 2022. Mr. Hynson paid the background investigation fee for the Applicant and will be reimbursed by the Company. Currently, the Applicant's business account has a balance of \$1,000.

Financial Analysis

The Applicant's operating history is limited as the Company was formed only recently for the purpose of conducting sports wagering activities within the Facility in Maryland. As a result of the lack of an extensive operating history, there is a level of unpredictability concerning the Company's future prospects. However, it is anticipated that the Company will have sufficient cash reserves through the pending Retail Sportsbook Operator Agreement with PPE, has a sublease in place to execute its operations, and all of the required build-out and start-up costs, betting reserves and day to-day operating activities of the sportsbook will be the responsibility of PPE. Therefore, the risks associated with the Company's lack of sportsbook business experience will be borne by PPE, which has the resources and experience needed to fund and manage the Facility's initial build-out and day-to-day operations. Furthermore, PPE's intent to subcontract sportsbook operations to Betfair Interactive US, LLC provides even greater operational integrity as Betfair anticipates employing the same business model, risk management and trading procedures as the sportsbook it currently operates at Live! Casino.

FINDINGS

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 Whitman Gaming, 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 this report. The results of the investigation for the specific qualification criteria enunciated in SG § 9-1E-07(e)(6) and COMAR 36.10.03.02 and 36.10.04, and not disqualified under SG § 9-1E-07(g)(1) are summarized as follows:

- 1) Whitman Gaming, Inc. was found to have financial stability, integrity and responsibility

- 2) There were no material issues involving the known financial backers
- 3) Whitman Gaming, Inc. possesses the requisite good character, honesty and integrity
- 4) Whitman Gaming, Inc. has sufficient business ability and experience
- 5) There were no potential disqualifying factors

Applicant

The Applicant satisfies the applicable qualification criteria under SG § 9-1E-07(e)(6) and COMAR 36.10.03.02 and 36.10.04, and is not disqualified under COMAR 36.10.03.02.C and SG § 9-1E-07(g)(1).

Principal Qualifiers

We identified the following principal who is associated with the Applicant and he currently holds a Principal Employee License issued by the Agency.

1. Carroll H. Hynson Jr., Owner (Principal License Issued: 10/04/2020)

CONCLUSION AND RECOMMENDATIONS

The Applicant has submitted a completed Sports Wagering Facility 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's investigation has confirmed that the Applicant has sufficient financial resources and found no derogatory information regarding the Applicant's qualifications. Based on the criteria in SG § 9-1E-07(e)(6) and COMAR 36.10.03.02 and 36.10.04, we conclude that the Applicant has established by clear and convincing evidence the qualifications required for a Class B-2 Sports Wagering Facility License.

Staff recommends that the Commission find Whitman Gaming, 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.

Staff recommends the Commission entertains motions to:

Sports Wagering Facility License Applicant
Commission Report – Qualification Hearing
Whitman Gaming, Inc.
License Applicant Number SW- 2022-48
March 8, 2023

1. Find that Whitman Gaming, Inc. has established, by clear and convincing evidence, its qualifications for a Class B-2 Sports Wagering Facility License;
2. Delegate to Staff the authority to draft the Commission’s decision statement on the qualification of Whitman Gaming, Inc. for a Class B-2 Sports Wagering Facility License; and
3. Direct the Secretary of the Commission to transmit the decision statement to the Sports Wagering Application Review Commission.