

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

**Application for a Mobile Sports Wagering License
Veterans Services Corporation d/b/a Vital Services Contractors, Inc.
License Applicant No. 2022-SW-47**

**Qualification Hearing before
the Maryland Lottery and Gaming Control Commission
March 23, 2023**

On March 23, 2023, the Maryland Lottery and Gaming Control Commission (“Commission”) held a meeting during which it conducted a hearing to determine Veterans Services Corporation d/b/a Vital Services Contractors, Inc. (“VSC” or “Applicant”) is qualified for a mobile sports wagering 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 mobile sports wagering license. Unless a person holds a valid mobile sports wagering license issued by the Commission, the person may not conduct, offer, or operate mobile sports wagering 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 mobile sports wagering 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 36.10.05, 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. Veterans Services Corporation submitted a Mobile Sports Wagering License Application to the Commission and the Maryland Lottery and Gaming Control Agency (“MLGCA”) conducted an investigation to determine whether the Applicant is qualified for a Mobile Sports Wagering License.

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6. Staff of the MLGCA’s Licensing Division provided the Applicant with written notice of the hearing. Emmanuel Bailey 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 VSC. Mr. Mooney made publicly available Staff’s executive summary of the background investigation, and Staff’s recommendations.

Applicant’s Background

7. Veterans Services Corporation was incorporated in Washington, D.C. on June 15, 2009.

8. VSC provides operational management and service of domestic government sponsored lottery gaming systems including traditional lottery products, lottery and retail and mobile sports wagering.

9. VSC has been granted a gaming license by the District of Columbia Office of Lottery and Gaming.

Ownership of Applicant and Other Agreements

10. Veterans Services Corporation was founded and is wholly-owned by Mr. Emmanuel Bailey who also serves as the Company's President and Chief Executive Officer.

11. On October 19, 2019, Veterans Services Corporation entered into a subcontract agreement with Intralot, Inc. ("Intralot") to provide certain services to the District of Columbia Office of Lottery and Gaming.

12. On June 30, 2022, the Veterans Services Corporation entered into a revenue sharing agreement with Bee-Fee Limited, which was founded in 2013, to operate its mobile and online sports wagering platforms. The revenue sharing agreement is part of a broader joint venture that the two parties have entered into to pursue lottery gaming opportunities globally.

Licensing Inquiry

13. Bee-Fee is a remote gaming software company based in London, United Kingdom, and is currently licensed to operate in Canada, Greece, Malta, Romania and the United Kingdom.

14. Mr. Emmanuel Bailey, the President and Chief Executive Officer of the Applicant has filed a Principal Employee License Application with the Commission, which was issued on February 16, 2023.

Discussion of Financial Performance

15. MLGCA performed a detailed review of Veterans Services corporation's unaudited financial statements for the calendar years ending December 31, 2017 through 2021 and a supplemental review of the first nine months of calendar year 2022 to assess its operating performance and financial condition by reviewing the following:

- Operating Expenses and Operating Income;

- Other Income and Expense and Net Income;
- Assets, Liabilities and Shareholder Equity;
- Liquidity and Cash Flow;
- Trend Analysis and Comparative Performance:
 - 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;
- Tax Returns;
- Litigation Search; and
- Dun & Bradstreet.

16. The Applicant's overall operating performance was positive as VSC benefited greatly from its agreement with Intralot, Inc. During calendar years 2017 to 2021, VSC realized net profits.

17. VSC's positive operating performance has provided it with sufficient cash flows to fund its business expansion and avoid an overreliance on long-term debt to meet its financial demands. Additionally, the Applicant's financial condition is sound and improved substantially over the review period

18. The Applicant has contracted with an experienced gaming company to operate its mobile sports wagering business. VSC has substantial cash reserves available and appears to be well positioned to meet its operating demands for the foreseeable future. There are no financial concerns with the issuance of a Mobile Sports Wagering License to Veterans Services Corporation.

Results of Background Investigation

19. 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 Veterans Services Corporation; and conducting interviews of key personnel, focusing on required qualification criteria involving integrity and financial stability.

20. 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 36.10.05 and that Veterans Services Corporation d/b/a Vital Services Contractors, 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

A comprehensive review was conducted of all of the consolidated financial statements for the last five years. The Applicant satisfies the standards for financial stability, integrity and responsibility in connection with the Mobile Sports Wagering 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 or its individual qualifier. There were no material issues discovered pertaining to the Applicant's record of regulatory compliance or litigation matters.

d) Sufficient business ability and experience

The Applicant was incorporated in Washington, D.C. on June 15, 2009, and has its offices located at 55 M Street SE, Washington, D.C. VSC provides operational management and service of domestic government sponsored lottery gaming systems including traditional lottery products, Lottery and retail and mobile sports wagering. Applicant was founded and is wholly-owned by Emmanuel Bailey who also services as the Company's President and Chief Executive Officer. VSC has been granted a gaming license by the District of Columbia Office of Lottery and Gaming. The Applicant clearly possesses the requisite business ability and experience.

e) Potential disqualifying factors

The Applicant is not disqualified from being issued a Mobile Sports Wagering 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

21. The Applicant satisfies the applicable qualification criteria under SG § 9-1E-07(e)(6) and COMAR 36.10.03.02 and 36.10.05, and is not disqualified under COMAR 36.10.03.02.C and SG § 9-1E-07(g)(1).

Mobile Sports Wagering License Application

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

23. MLGCA Staff is not aware of information that would indicate Veterans Services Corporation d/b/a Vital Services Contractors, Inc. fails to meet the Commission's qualification requirements.

24. MLGCA Staff recommends that the Commission determine the Applicant has established that it is qualified, by clear and convincing evidence, for a Mobile Sports Wagering 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 Mobile Sports Wagering 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

03/23/2023

Date