

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

**Application for a Class B-2 Sports Wagering Facility License
Whitman Gaming, Inc.
License Applicant No. 2022-SW-48**

**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 whether Whitman Gaming, Inc. (“Whitman Gaming” or “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. Whitman Gaming, 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 Whitman Gaming, Inc. is qualified for a Class B-2 Sports Wagering Facility License.

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6. Staff of the MLGCA’s Licensing Division provided the Applicant with written notice of the hearing. Carroll H. Hynson, Jr. 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 Whitman Gaming. Mr. Mooney made publicly available Staff’s executive summary of the background investigation, and Staff’s recommendations.

Applicant’s Background

7. Whitman Gaming, Inc., was incorporated in Maryland on February 28, 2022, and has its principal office located in Annapolis, Maryland. Whitman Gaming was formed for the sole purpose of holding a license to operate a retail sportsbook facility.

8. The retail sportsbook facility will be located within the Sports & Social Bethesda sports bar located in North Bethesda, Maryland (the “Facility”).

9. 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.

Ownership of Applicant and Associated Agreements

10. Whitman Gaming is privately owned solely by Mr. Carroll H. Hynson, Jr.

11. Under the terms of the Letter of Intent, PPE may subcontract 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”).

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

13. PPE, a financial backer for Whitman Gaming, 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%).

14. 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.

Licensing Inquiry

15. Whitman Gaming, Inc. has submitted a B-2 Sports Wagering Facility License Application with the Commission for a retail sportsbook within the Sports & Social Bethesda sports bar.

16. Mr. Carroll H. Hynson, Jr. has submitted a Principal Employee License Application to the Commission, which was issued on October 4, 2020.

17. 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

18. 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.

19. There are no estimated costs to Whitman Gaming 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.

20. It is anticipated that Whitman Gaming will have sufficient cash reserves through the pending Retail Sportsbook Operator Agreement with PPE. PPE's intent is to subcontract sportsbook operations to Betfair Interactive US, LLC.

21. Overall, MLGCA had no concerns with licensure of Whitman Gaming, Inc. for a Class B-2 Sports Wagering Facility License.

Results of Background Investigation

22. 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 Whitman Gaming, Inc.; and conducting interviews of key personnel, focusing on required qualification criteria involving integrity and financial stability.

23. 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 Whitman Gaming, 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

As a recently formed entity, Whitman Gaming, Inc. has had very limited financial activity; however, there are no estimated costs to the Applicant for the sportsbook build-out and startup of the Facility, as these costs are anticipated to be the responsibility of PPE. PPE will budget and design the build-out of the sportsbook space at the Facility and will manage construction of the sportsbook space at its sole expense. PPE 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. 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, or its individual qualifiers.

d) Sufficient business ability and experience

Whitman Gaming, Inc.'s operating history is limited as it was formed only recently for the purpose of conducting sports wagering activities within the Facility in Maryland. However, the Applicant clearly possesses the requisite business ability and experience through its agreements with PPE.

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

24. The Applicant satisfies the applicable qualification criteria under SG § 9-1E-07(e) 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).

Sports Wagering Facility License Application

25. 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.

26. MLGCA Staff is not aware of information that would indicate Whitman Gaming, Inc. fails to meet the Commission's qualification requirements.

27. 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

03/23/2023

Date