

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

**Application for a Mobile Sports Wagering License  
Queen Sportsbook Maryland LLC  
License Applicant No. 2022-SW-50**

**Qualification Hearing before  
the Maryland Lottery and Gaming Control Commission  
April 27, 2023**

On April 27, 2023, the Maryland Lottery and Gaming Control Commission (“Commission”) held a meeting during which it conducted a hearing to determine whether Queen Sportsbook Maryland LLC (“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. Queen Sportsbook Maryland LLC 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.

#### **Qualification Hearing – April 27, 2023**

6. Staff of the MLGCA’s Licensing Division provided the Applicant with written notice of the hearing. William Vandersand, Secretary and General Counsel and Robert Ruben, outside counsel were present virtually 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 Queen Sportsbook Maryland LLC. Mr. Mooney made publicly available Staff’s executive summary of the background investigation, and Staff’s recommendations.

#### **Applicant’s Background**

7. Queen Sportsbook Maryland LLC was formed in Delaware on October 7, 2022, and has its office in East Saint Louis, Illinois.

8. The Applicant was formed to hold the mobile and online sports wagering licenses in Maryland, and operates as a subsidiary of The Queen Casino & Entertainment, Inc. (“Queen

Casino” or “Company”). The Company operates four casinos as well as retail and online sportsbooks, and is currently licensed by state gaming regulatory authorities in Arizona, Illinois, Iowa and Louisiana.

### **Ownership of Applicant and Recent Acquisitions**

9. Queen Sportsbook Maryland LLC is owned 95% by Casino Queen Interactive, LLC which is a wholly-owned subsidiary of The Queen Casino & Entertainment, Inc. (formerly known as CQ Holding Company, Inc.).

10. SG CQ Gaming, LLC is the ultimate parent company and sole owner of the outstanding stock of the Company. SG CQ Gaming was formed in Delaware on June 3, 2019, and Mr. Soohyung Kim holds an indirect majority ownership interest of 85.41% in the Applicant, primarily through his ownership of SG CQ Gaming.

11. On November 27, 2020, all of the outstanding stock of CQ Holding Company, Inc. was acquired by SG CQ Gaming, LLC, resulting in the Queen Casino becoming a new entity for financial reporting purposes.

12. The source of funds used to pay the consideration were derived from private investors participating in investment funds managed by Standard General L.P., an investment advisor registered with the Securities and Exchange Commission. Standard General L.P. is controlled by Mr. Soohyung Kim, the majority owner of SG CQ Gaming LLC.

13. On July 20, 2022, the Company purchased 122,182,840 shares of Intralot S.A. Integrated Lottery Systems and Services (“Intralot”). To fund the purchase of the Intralot shares, the Company used funds from a credit agreement with Fortress Credit Corporation. A review of Intralot’s shareholder listing as of March 1, 2023, disclosed that Queen Casino owned 32.9% of Intralot’s outstanding shares.

### **Licensing Inquiry**

14. Queen Sportsbook Maryland LLC has submitted a Mobile Sports Wagering License Application to the Commission.

15. SG CQ Gaming, LLC, The Queen Casino & Entertainment, Inc., and Casino Queen Interactive, LLC have each filed a Sports Wagering Principal Entity Disclosure Form and Mr. Soohyung Kim has filed a Principal Employee License Application with the Commission.

16. The following individuals are Principals of the Applicant and each has submitted a Principal License Application to the Commission:

- Cheryl Ash (Principal License Issued: 11/24/2022);
- Marc A. Nelson (Principal License Issued: 11/17/2022);
- Terrence P. Downey (Principal License Issued: 11/10/2022);
- Timothy L. Stephens (Principal License Issued: 11/17/2022); and
- William J. Vandersand (Principal License Issued: 11/17/2022).

### **Discussion of Financial Performance**

17. MLGCA performed a detailed analysis of the consolidated audited financial statements of CQ Holding Company, Inc. (predecessor company) for the period from January 1, 2017 to November 27, 2020 and of the Queen Casino & Entertainment, Inc. (successor company) for the period from November 28, 2020 to December 21, 2021 and reviewed the consolidated unaudited statements of the Queen Casino & Entertainment, Inc. for the calendar year ended December 31, 2022 by reviewing the following:

- Revenue;
- Operating Costs and Operating Income;
- Other Income and Expenses;
- Net Income;
- Assets, Liabilities and Shareholder Equity;
- Liquidity and Cash Flow;

- Long-Term Debt;
- Default on 2017 Bank Loan and Note Payable;
- Leases;
- Related Party Transactions;
- Recent Financial Performance of Unaudited Financial Statements;
- Trend Analysis and Comparative Performance:
  - Current Ratio and Quick Ratio;
  - Operating Profit Margin and Net Profit Margin;
  - Return on Equity and Return on Assets;
  - Debt to Equity Ratio and Debt Ratio; and
  - Interest Coverage Ratio;
- Independent Audit of Annual Financial Statements;
- Dunn & Bradstreet;
- Tax Returns; and
- Litigation Search.

18. Queen Casino's overall operating performance improved over the review period allowing the Company to expand its operational footprint. Since the Company's restricting in calendar year 2020, its operating performance has improved significantly with net profits totally 65.6 million in calendar years 2020 to 2022.

19. The Company does not appear to be experiencing any financial distress despite increasing its debt load to expand its business footprint and it has substantial cash reserves to meet its operational demands for the foreseeable future.

20. There are no financial concerns with the Applicant holding a Mobile Sports Wagering License, or with SG CQ Gaming, LLC, the Queen Casino & Entertainment, Inc. or Casino Queen Interactive LLC as Sports Wagering Principal Entities.

### **Results of Background Investigation**

21. 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 Queen Sportsbook Maryland LLC and its parent company; and conducting interviews of key personnel, focusing on required qualification criteria involving integrity and financial stability.

22. 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 of Queen Sportsbook Maryland LLC 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. 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 qualifiers. 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 formed in Delaware on October 7, 2022, to hold the mobile and online sports wagering licenses in Maryland, and operates as a subsidiary of The Queen Casino & Entertainment, Inc. The Company operates four casinos as well as retail and online sportsbooks, and is currently licensed by the state gaming regulatory authorities in Illinois, Iowa and Louisiana. 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**

23. The Applicant and its principal entities satisfy the applicable qualification criteria under SG § 9-1E-07(e)(6) and COMAR 36.10.03.02 and 36.10.05, and are not disqualified under COMAR 36.10.03.02.C and SG § 9-1E-07(g)(1).

**Mobile Sports Wagering License Application**

24. 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.

25. MLGCA Staff is not aware of information that would indicate Queen Sportsbook Maryland LLC fails to meet the Commission's qualification requirements.

26. 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.

  
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E. Randolph Marriner, Chair

  
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Date