

MARYLAND LOTTERY AND GAMING CONTROL COMMISSION MAY MINUTES

DATE: May 25, 2023

TIME: 10:00 a.m.

PLACE: Maryland Lottery and Gaming Headquarters
Studio in person and via video conference call

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

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

OTHERS: Stanley Fine, former Lottery Director
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
Representatives from Parx Interactive Maryland, Inc.
Representatives from Bee-Fee, LLC
MLGCA Licensing Staff

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, Diane Croghan, and James Stakem; present via video conference were: Commissioners Harold Hodges and Jerry Williams.

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 REVISED AGENDA

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

APPROVAL OF THE MINUTES

Chair Marriner asked if there were any changes to the minutes of the April 27, 2023, Open Session. There being none, Chair Marriner 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: #652 (\$5) *Cash Eruption*; #653 (\$5) *Deluxe Crossword 8th Edition*; #654 (\$10) *\$10,000 CASH*; #655 (\$30) *\$100,000 CASH*; EGD Games and Component Testing - Certified Lab Software, Hardware and Game Certifications: VLTs, Table Game Components, Instant Bingo Machines, Sports Wagering Systems and Kiosks (4/7/23 – 5/11/23); Consent Agreements for Regulatory Violations – Horseshoe Casino – January 2023; Gaming License Application Denials/Revocations; Request for Removal from the Mandatory Exclusion list; and Staff Reports from James Nielsen, Deputy Director, Chief Operating Officer; James Butler, Assistant Deputy Director, Chief of Staff; Michael Eaton, Director of Audit and Regulatory Compliance, Gaming; John Mooney, Managing Director, Regulatory Oversight; Solomon Ramsey, Managing Director, Sales and Marketing; Paula Yocum, Managing Director, Chief Financial Officer; Seth Elkin, 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

Ms. Amy Brennan, General Manager, reported that gaming revenue in April was down in all segments due to a combination of coin-in, drop, handle and hold being down. The casino also saw

its second-highest number of jackpots paid out during April. May is trending similarly with slot machine revenue down 2%, table games down 15%, sportsbook continues to be down around 50% due to the launch of online sports betting. Hollywood Casino held several promotions and giveaways in April, including partnering with Penn Interactive team on a Top Golf event involving Justin Tucker from the Baltimore Ravens. The casino continues to focus on its Year of the Team Member, which included a "Walk a Mile" with executives spending time in each department. Team members were given an opportunity to test the waterslides at Great Wolf Lodge prior to its grand opening in June, and to provide feedback. In the community, the casino continues to donate baskets to local community organizations. Hollywood Casino hosted the Maryland Alliance for Responsible Gambling (MARG) meeting on April 26.

Ocean Downs Casino

Ms. Bobbi Sample, General Manager, reported that April slot machine and table game revenue was down 3.7% overall compared to April 2022, with slot machines down 4.2% year-over-year driven by a decrease in volume and coin-in, but hold was up. Table game revenue was up slightly at 0.5%, while drop was down 22%, and hold was up 4.3%. Sports wagering handle in April was \$1.3 million, up 12.5% year-over-year. Taxable win was 10% lower than last year. An electronic craps table was implemented in mid-April. Ms. Sample thanked MLGCA staff for assisting with getting it activated, allowing dealers to cover other tables while making craps available during all operating hours. Ms. Sample noted that the casino is owned by Churchill Downs, which makes the Kentucky Derby a significant event for Ocean Downs. The casino held promotions and giveaways, and it was the best-attended VIP event ever at the casino, including a performance by a Journey tribute band. Live racing season at Ocean Downs racetrack was scheduled to begin the last week of May. In the community, the casino participated in a Derby Dog parade which benefited the Worcester County Humane Society. The first-place dog happened to be named "Casino." Ocean Downs hosted a Play for a Cause event to benefit Diakonia, a homeless shelter located on the Eastern Shore. Team members continue to have town hall meetings with the executive staff to discuss concerns and share ideas about where the casino's local impact grant money is directed in the community.

Live! Casino

Mr. Ryan Eller, General Manager, reported that April was a good month for Live! with gaming revenue of \$62.5 million, up 1.1% compared to April 2022. Slot machines were \$43 million, flat to prior year. Table games and poker combined were \$19.2 million, up 12.9% year-over-year. The retail sportsbook had strong volumes. In April, Live! held several VIP events. The casino celebrated Administrative Professionals Day and named its team member of the month and leader of the quarter. A steering committee of team members submitted ideas for the most effective use of community donations, and the casino's staff volunteered and supported donation efforts. Live! employees volunteered to distribute food at Curtis Bay Elementary through Our Daily Bread, planted and cleaned gardens for Howard County Community College, supported several nonprofits, and sponsored a Howard County Community College Foundation fundraiser.

Rocky Gap Casino

Mr. Brian Kurtz, General Manager, reported that April gaming revenue was down 6.8% compared to April 2022, with slot machine revenue down 9% as coin-in decreased 6% and there was a slight decrease in hold. Table game revenue was up 11% year-over-year, with a decrease in drop, but hold was up 4.3%. Compared to pre-pandemic numbers in 2019, the casino was up 11% for the month, and about 14.5% year-to-date. Visitation at the property has been solid. There are several promotions going on at Rocky Gap, including an event where the casino shuttled customers to

1812 Brewery and brought them back to the property for a blackjack tournament. Entertainment at the resort included a Bonkerz comedy event that went over very well. In the community, Rocky Gap has donated more than 500 pounds of nonperishable foods to the Western Maryland Food Bank. In May, the casino donated to a local family crisis resource center. There was a graveyard-shift appreciation event for the overnight workers to allow executive staff to interact with overnight employees. Rocky Gap celebrated its 10th anniversary in May, which included a Journey tribute band and fireworks. Mr. Kurtz said Rocky Gap hosted the Maryland Tourism Coalition. Team members volunteered time for Day of Caring and Sharing to clean up areas in the community.

Horseshoe Casino

Mr. Randy Conroy, Vice President and General Manager, reported that slot machine revenue was \$11.4 million, table game revenue was \$5 million, and sportsbook was \$94,000. Horseshoe Casino celebrated Preakness with a VIP party at Brew Brothers, which has 50 televisions for watching the race. There have been several promotions at the casino. There was an NFL Draft Party at Brew Brothers. Horseshoe took 20 VIP customers to the opening of the Horseshoe Casino in Las Vegas for a large gala. Team members participated in a raffle for Orioles tickets. Horseshoe will hold a blood drive. In the community, Horseshoe sponsored a golf tournament to benefit inner-city youth.

MGM National Harbor

Mr. Efrain Perez Agosto, Vice President, CFO, reported that April gaming revenue was up 7% year-over-year, with table games up 11%, slot machines up 4%, and poker increased 2% year-over-year. The casino is seeing normalization from last year in terms of volume, and the drop and handle are down compared to last year, but are still above pre-pandemic 2019 levels. Retail sports betting was down 23%, but when combined with the BetMGM mobile platform, growth has been more than 300%. The casino completed its expansion project, which added 171 slot machines, and a carpet replacement project was also completed. There have been multiple events at MGM National Harbor, including an \$800,000 blackjack tournament. MGM National Harbor has hosted numerous recent shows in its theater, and Bruno Mars will be coming to the casino in June. In the community, team members volunteered with 10 different charities, including a homeless shelter. Team members donated care packages for low-income families. MGM National Harbor is holding team member roundtables to continue to improve employee experiences.

DIRECTOR'S REPORT

Director's Report — John Martin, Director

Director Martin reported that April Lottery sales were down year-over-year due to larger Powerball and Multi-Match jackpots during April 2022. But overall, fiscal year-to-date sales are up 4.2% and profits are up 8.6%. The casino aggregate revenue was \$174.7 million in April, a 4% gain year-over-year, with a 2.5% growth in contributions to state. Sports wagering numbers year to date reflect a total handle of more than \$2.3 billion, with \$17.7 million in contributions to the state. With 10 months of sports wagering to date, and 10 retail and nine mobile sportsbooks in operation, contributions should total around \$20 million by end of the fiscal year. The initial projections for sports wagering contributions to the state, once all licensees are up and running, which has not been fully completed yet, are \$25 to \$30 million annually. MLGCA is on pace to meet that contribution goal in Fiscal Year 2024.

Director Martin announced that there were two special presentations for this meeting. He noted that May 24, 2023, was the 50th Anniversary of the Lottery's first prize drawing in 1973. The occasion was marked on May 24 with a Lottery promotion that awarded more than 15,000 cash vouchers to Lottery customers with a total value of more than \$1 million. Director Martin then introduced Seth Elkin, newly promoted Managing Director, Communications, to present the Agency with a special proclamation from the Governor.

MARYLAND LOTTERY DAY PROCLAMATION - *Seth Elkin, Managing Director, Communications*

Mr. Seth Elkin read a Proclamation from Governor Wes Moore, announcing May 24, 2023, as Maryland Lottery Day 2023. Mr. Elkin then thanked Governor Moore and the staff in the Governor's Constituent Services Office for the Proclamation.

ACKNOWLEDGEMENT OF LOTTERY 50 YEARS - *Stanley Fine, Former Lottery Director*

Mr. Stanley Fine, a former Lottery Director and former Chair of the Commission, talked about his time with the Lottery. He noted that in 1973, the Lottery grossed \$25 million, with contributions to the State of \$10 million with a weekly pre-printed ticket that cost 50 cents. In his last year working for the Lottery in 1978, Mr. Fine noted that the Lottery grossed more than \$300 million and netted \$120 million, or 12 times the total from the inaugural year in 1973. In Fiscal Year 2022, the Lottery, casinos and sports betting generated \$1.511 billion, which is more than 12 times the amount generated for the state in 1978. Lottery was created as a business enterprise for the primary reason of generating revenues, and MLGCA has done a spectacular job. Mr. Fine noted that reflecting back over the last 50 years, it is the Lottery staff and Commission's dedication and hard work that has made it such a success. Mr. Fine has had conversations with every Lottery Director since his time with Lottery offering support and encouragement.

Chair Marriner thanked Mr. Fine for his decades of leadership and for paving the way for the Lottery's success.

COMMISSION ACTION ITEMS

Managing Director, Regulatory Oversight — **John Mooney**

Mr. John Mooney noted that MLGCA's Licensing Division has reached a significant milestone. For the first time in 14 years, there are in excess of 10,000 active licenses.

At 10:37 a.m. Chair Marriner requested that Commissioner Hodges turn his camera on for the Qualification Hearings.

Qualification Hearings

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 then provided the procedure for the hearings.

Chair Marriner then collectively administered the oath to all individuals who may testify or answer questions. This was for Agency staff who worked on these matters, and any representatives of an Applicant who are present for the hearing. Sworn in were MLGCA staff: John Mooney, Phil Metz, Ray Jones, Mike Pfisterer, Mark Ermer, and David Robinson; and a representative from Parx International Maryland, Inc. seeking a facility operator license for the two locations under Canton Gaming, LLC – Grace Flanagan (Nick Orrison was also present virtually, but

was not sworn in at this time); and representatives from Bee-Fee, LLC — Adam Lamentowicz and Wiktor Grabarczyk.

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.

Mr. Mooney stated that there would be three qualification hearings for Applicants for sports wagering-related licenses: Parx Interactive Maryland, Inc. is seeking qualification for two Sports Wagering Facility Operator Licenses for the Greene Turtle Locations in Canton and Towson by application of alternative licensing standards; and Bee-Fee, LLC is seeking qualification for an Online Sports Wagering Operator License. Because Parx Interactive Maryland, Inc. is seeking qualification for multiple sports wagering licenses, its qualification hearings will be consolidated into a single presentation.

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. Mr. Mooney then read a statement that pertained to all three 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 present had previously submitted completed applications for the licenses they were seeking, adequate proof of bond and all required fees.

Commission Action Item — 2 Sports Wagering Facility Operator Licenses – Parx Interactive Maryland, Inc. for the Canton I location and Canton II location

Mr. Mooney reported Parx Interactive Maryland, Inc. ("Parx Maryland") has applied for two Sports Wagering Facility Operator Licenses to operate the facilities for Canton Gaming, LLC. One Sports Wagering Facility Operator License Application from Parx Maryland is for the Greene Turtle sports bar located at 3803 Boston Street, Baltimore, MD ("Canton I"); and the other is for the Greene Turtle sports bar at 319 York Road, Towson, Maryland ("Canton II"). Parx Maryland was formed on January 4, 2022 for the purpose of conducting sports wagering operations in Maryland. Parx Maryland is a 100% owned subsidiary of Greenwood Racing Inc. ("GRI"). International Turf Investment Co., Inc. owns 98.079% of GRI and Rock (IOM) Limited owns the remaining 1.921% of GRI. Parx Maryland intends to provide a retail platform, OTC terminals, kiosks, training, risk and trading services, accounting/back-of-the-house reporting services, surveillance and compliance services.

Parx Maryland was found qualified by the Commission for a Sports Wagering Facility Operator License by application of alternative licensing standards on September 22, 2022, and it was found qualified by the Commission for an Online Sports Wagering Operator License by application of alternative licensing standards on October 27, 2022. It currently holds both of those Commission-issued licenses.

Parx Maryland as a recently formed entity, has no regulatory history to report. Parx Maryland is a Delaware corporation that was formed on January 4, 2022 for the purpose of conducting sports

wagering operations in Maryland. It was registered as a foreign corporation in Maryland on February 17, 2022. Staff is not aware of any unresolved issues that negatively impact the Applicant's qualifications and the Agency has otherwise found no derogatory information regarding Parx Maryland that would disqualify it from holding a Sports Wagering Facility Operator License for either the Canton I or Canton II location.

Matthew Cullen, Eric Hausler, Robert William Green, Richard John Kendle, David Charles Budd, Bryan Eugene Bartlett, Watche Aghiche Manoukian, Yeghiche Watche Manoukian, David Grisen, Arthur Dixon, Francis Cleaver, and Thomas Bonner were identified as Principals and have been issued either a Principal Employee License or a Temporary Principal Employee License by the Commission.

Parx Maryland submitted a Request for Application of Alternative Licensing Standards in support of each application for a Sports Wagering Facility Operator License. Although Parx Interactive Maryland Inc. holds two Maryland-issued sports wagering-related licenses, because it was qualified by application of alternative licensing standards in Maryland, its current licenses in these Commission-approved states are pertinent. Parx Maryland stated that its parent company, GRI, holds a current license in three Commission-approved states: Michigan, Pennsylvania, and New Jersey. Staff has confirmed that the licenses issued by these three states are current and valid.

Staff is not aware of information that would indicate that Parx Interactive Maryland, Inc. or GRI fails to meet the Commission's qualification requirements. Staff recommends that the Commission find Parx Maryland qualified for two separate Sports Wagering Facility Operator Licenses based on its parent company, GRI's licensure in three Commission-approved states and by application of the alternative licensing standards provisions by clear and convincing evidence.

Chair Marriner clarified that the motions for Parx Maryland (Canton I) and Parx Maryland (Canton II) would be done separately.

Chair Marriner asked if anyone from the Applicant would like to speak. Grace Flanagan, Vice President Regulatory Affairs and Chief Compliance Officer thanked the Commission and MLGCA staff for their help in getting the license.

Chair Marriner asked if the commissioners had any questions. Commissioner Hodges noted that Parx Maryland was just formed in 2022 and asked what MLGCA Staff did to conduct financial due diligence of the Parx Interactive or its investors. Mr. Mooney responded that by using the alternative licensing standard, the full background investigation on Parx has not been completed yet, but will be completed in due time. He added that Parx qualifies for application of alternate licensing standards because it has been approved in at least three of the 16 states that have been found to have licensing qualification standards similar to those in Maryland.

Commissioner Hodges asked if the alternate standards allow MLGCA to ignore looking at the entity's financial ability to operate and function if they've been approved in other states, and that Maryland's ability to look into their functionality is tabled until a later time. Mr. Mooney confirmed that the approval in other states allows for completing the investigation after approval.

Chair Marriner reminded Commissioner Hodges that the Commission had previously approved Parx for the license. Mr. Mooney said Parx has been approved twice previously, adding that it has held those licenses for six months.

Parx Interactive Maryland, Inc. (Canton I) Motions:

There being no further questions, Chair Marriner asked for a motion to find that Parx Interactive Maryland, Inc. (Canton I) has established by application of alternative licensing standards that it

is qualified by clear and convincing evidence for a Sports Wagering Facility Operator License for the Canton I location at the Greene Turtle sports bar in Canton. Commissioner Stakem moved, Vice Chair Doetsch seconded, and the motion was approved by a 6-1 vote. Commissioner Hodges opposed.

Chair Marriner asked for a motion to direct Staff to draft the Commission's Decision Statement on the qualification of Parx Interactive Maryland, Inc. for a Sports Wagering Facility Operator License for the Canton I location. Vice Chair Doetsch moved, Commissioner Stakem seconded, and the motion was approved by a 6-1 vote. Commissioner Hodges opposed.

Parx Interactive Maryland, Inc. (Canton II) Motions:

Chair Marriner then asked for a motion to find that Parx Interactive Maryland, Inc. (Canton II) has established by application of alternative licensing standards that it is qualified by clear and convincing evidence for a Sports Wagering Facility Operator License for the Canton II location at the Greene Turtle sports bar in Towson. Vice Chair Doetsch moved, Commissioner Stakem seconded, and the motion was approved by a 6-1 vote. Commissioner Hodges opposed.

Chair Marriner asked for a motion to direct staff to draft the Commission's Decision Statement on the qualification of Parx Interactive Maryland, Inc. for a Sports Wagering Facility Operator License for the Canton II location. Vice Chair Doetsch moved, Commissioner Stakem seconded, and the motion was approved by a 6-1 vote. Commissioner Hodges opposed.

Commission Action Item – Online Sports Wagering Operator License – Bee-Fee, LLC

Mr. Mooney reported that Bee-Fee LLC, a/k/a Bee-Fee Limited ("Bee-Fee") was incorporated in London, United Kingdom on August 2, 2013, and operated originally under the name Electronic Money and Payment System Limited until August 30, 2014. Bee-Fee is a slot game development studio and information technology service provider for online casinos and sports betting. Bee-Fee's main offices are located in London, United Kingdom. Bee-Fee is a private company owned solely by Mr. Adam Lamentowicz. Bee-Fee holds gaming licenses in Canada, Greece, Malta, Romania and the United Kingdom.

On June 30, 2022, Bee-Fee entered into a revenue sharing agreement with Veterans Services Corporation ("VSC") to operate VSC's mobile and online sports wagering platforms. Bee-Fee will supply and license the online sports wagering platform to VSC, provide managed services, support and maintenance of the product, provide support and maintenance training to VSC's employees, and co-develop gaming software enhancements with VSC. Additionally, BeeFee has contracted with Data Bridge Sites to provide gaming platform hosting services and will incur all related costs.

Mr. Mooney said the Agency's investigation was into Bee-Fee's operating performance and financial condition for the five-year period from September 1, 2017 until August 31, 2022. For the fiscal years ending August 31, 2018 to 2020, Bee-Fee's financial statements were audited. However, beginning in 2021, Bee-Fee was no longer required to have its financial statements audited due to an exemption provided to small companies under the laws of the United Kingdom. MLGCA performed a three-year review of the Applicant's audited financial statements from September 1, 2017 to August 31, 2020, and a supplemental review of unaudited financial statements for the period of September 1, 2020 to August 31, 2022.

Mr. Mooney reported on Bee-Fee's operating and financial performance which was generally positive during the five-year review period in spite of the downturn caused by the adverse impacts of the COVID-19 pandemic and the recent rise in operating expenses in fiscal year 2022. The Applicant and its principal entity satisfy the applicable qualification criteria and are not

disqualified under the Sports Wagering Law. Adam Lamentowicz, Aleksandra Piatkowska, Biernat Radoslaw, Michal Bozalek, Grabarczyk Jerzy Wiktor, and Ewa Kazmierska were identified as Principals of the Applicant and each has submitted a Principal Employee License Application to the Commission, which is pending.

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 Bee-Fee, LLC a/k/a Bee-Fee Limited, qualified for an Online Sports Wagering Operator 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. Adam Lamentowicz thanked the MLGCA staff and Commission for their help with the application process.

There being no further discussion, Chair Marriner asked for a motion to find that Bee-Fee, LLC has established by clear and convincing evidence that it is qualified for an Online Sports Wagering Operator License. Vice Chair Doetsch moved, Commissioner Stakem seconded, and the motion was approved unanimously.

Chair Marriner asked for a motion to direct staff to draft the Commission's Decision Statement on the qualification of Bee-Fee, LLC for an Online Sports Wagering Operator License. Vice Chair Doetsch moved, Commissioner Stakem seconded, and the motion was approved unanimously.

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 virtual only, and will be held at 9 a.m. on Thursday, June 22, 2023.

ADJOURNMENT

There being no further business, Chair Marriner adjourned the meeting at 11:02 a.m.

After Chair Marriner adjourned the meeting, Holly Citko, Principal Counsel, Attorney General's Office introduced the new Assistant Attorney General, Allyson Stahl. The meeting then adjourned.

Respectfully submitted,


John Martin
Director