



Lottery and Gaming Control Commission

1800 Washington Boulevard, Suite 330, Baltimore, MD 21230

**In Re the Application of
Betfair Interactive US LLC
d/b/a FanDuel Sportsbook**

**SPORTS WAGERING FACILITY
OPERATOR LICENSE APPLICANT**

**License Applicant Number SW-2023-01
QUALIFICATION HEARING
August 24, 2023**

**EXECUTIVE SUMMARY
OF BACKGROUND INVESTIGATION**

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 Agency will work with the operator to ensure that all applicable requirements are met prior to issuing a license to operate.

Process

As a prerequisite to being eligible for a Sports Wagering Facility Operator License, an applicant must submit a Sports Wagering Facility Operator 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 36.10.06.03 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 Betfair Interactive US LLC, d/b/a FanDuel Sportsbook (“FanDuel” or “the Applicant”) in connection with its application for a Sports Wagering Facility Operator License to operate a retail sportsbook for Whitman Gaming, Inc. at the Sports & Social Bethesda sports bar located at 11800 Grand Park Avenue, North Bethesda, Maryland.

FanDuel is currently the largest sports betting operator in the United States by volume. FanDuel Group Inc., which is the parent company of Betfair Interactive US LLC, operates a number of leading gaming products in the U.S., to include retail and mobile sports wagering products, an online casino gaming product, a daily fantasy sports platform, and TVG, the largest pari-mutuel wagering operator in the country.

On November 4, 2021, the Commission determined Betfair Interactive US LLC was qualified for a Sports Wagering Facility Operator License under the alternative licensing standards process to operate a retail sportsbook for PPE Casino Resorts Maryland, LLC (“PPE”) at Live! Casino Hotel Maryland (“Live! Casino”) in Hanover, MD.

Application of Alternative Licensing Standards

The Sports Wagering Law authorizes the Commission to establish an abbreviated process for qualifying and licensing an applicant that holds a valid license in another state, if the Commission determines that the licensing standards of the issuing agency in the other state are

comprehensive and thorough, and provide similar safeguards to those in the Sports Wagering Law. Staff has identified several states with acceptable sports wagering license standards: Arkansas, Colorado, Illinois, Kansas, Louisiana, Massachusetts, Michigan, Mississippi, Missouri, Nevada, New Jersey, New York, Pennsylvania, Rhode Island, Virginia and Wisconsin.

Because Maryland's qualification standards for a casino-related license are identical to and specifically incorporated in the Sports Wagering Law, they are therefore, clearly sufficient for qualifying an applicant for a sports wagering license on that basis.

Alternative Licensing Process

An applicant for a sports wagering-related license may submit a written request for the Commission to find it qualified for a Maryland license under the alternative licensing process under SG § 9-1E-05(c) and described in COMAR 36.10.02.12. If the request is granted, the applicant may be qualified for a license before the Agency conducts a full background investigation.

The Commission may only apply the alternative licensing process:

1. If the Applicant holds a current, valid Maryland sports wagering-related license issued by this Commission. That alone is a sufficient basis upon which Staff may grant a request to apply alternative licensing standards to satisfy qualification requirements. Maryland's qualification standards for all sports wagering-related licenses are identical, so they are clearly sufficient for qualifying an applicant for a sports wagering facility operator license on that basis.
2. If an applicant holds a current, valid Maryland casino-related license issued by this Commission. That alone is a sufficient basis upon which Staff may grant a request to apply alternative licensing standards to satisfy qualification requirements. Maryland's qualification standards for casino-related licenses are identical to, and specifically incorporated in, the Sports Wagering Law, so they are clearly sufficient for qualifying an applicant for a sports wagering license on that basis; or
3. If an applicant does not hold a current, valid Maryland gaming-related license, but the applicant has a current, valid license in at least 3 of the 16 Commission-approved states

that have licensing standards which are comprehensive and thorough, and provide similar and adequate safeguards to those in the Sports Wagering Law.

An applicant that submits a request for the application of alternative licensing standards specifically acknowledges that a full background investigation will be conducted, and that if Staff ever 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. These acknowledgements are memorialized in the Affidavit in Support of Applicant's Request to Apply Alternative Licensing Standards in Support of an Application for a Sports Wagering License ("Affidavit") the Applicant has submitted.

The Commission's decision to abbreviate an applicant's licensing process on this basis is discretionary. The Commission may exercise its discretion to deny the request, place conditions on the license, or take any other necessary action to protect the State's interests.

INVESTIGATION INTO APPLICANT

Regulatory History of Applicant

Currently, Betfair Interactive US LLC, d/b/a FanDuel Sportsbook is licensed to offer retail and/or mobile sports wagering products in 16 U.S. states. FanDuel is currently the largest sports betting operator in the United States by volume. Betfair Interactive US LLC currently holds a Maryland Sports Wagering Facility Operator License. Staff is not aware of any unresolved issues that negatively impact the Applicant's qualifications and MLGCA has otherwise found no derogatory information regarding Betfair Interactive US LLC that would disqualify it from holding another Sports Wagering Facility Operator License to operate Whitman Gaming, Inc.'s sportsbook.

FanDuel Sportsbook first launched in New Jersey in the summer of 2018 and has since expanded to a number of other states. FanDuel Group Inc. is headquartered in New York, NY, and maintains offices in Los Angeles, Atlanta, Orlando, Portland, and Edinburgh, Scotland.

Ownership of Applicant

FanDuel Group Inc. is the parent company of Betfair Interactive LLC. FanDuel Group Inc. is a subsidiary of Flutter Entertainment plc. Flutter is the largest online gaming company in

the world, offering a range of sports wagering and online casino gaming products in the U.K. and Ireland, Europe, Australia, and a number of other jurisdictions. Flutter is based in Dublin, Ireland and is publicly traded on the London Stock Exchange.

Principal Qualifiers

The following individuals have been identified as principals and have been issued a Principal Employee License by the Commission:

- Jonathan Hill (Principal License Approved: 06/02/2022);
- Carolyn Renzin (Principal License Approved: 02/28/2022);
- David F. Nathanson (Principal License Approved: 09/27/2022);
- Amy Howe (Principal License Approved: 06/08/2022);
- Jeremy P. Jackson (Principal License Approved 10/04/2022);
- David P. Jennings (Principal License Approved 08/14/2023);
- Andrew Sheh (Principal License Approved 05/31/2023);
- John N. Griffin (Principal License Approved 03/16/2023);
- Padraig O'Riordain (Pending)
- Paul R. Edgecliff-Johnson (Pending)

Licensing Inquiry

Betfair Interactive US LLC submitted a Request for Application of Alternative Licensing Standards in support of its request for a Sports Wagering Facility Operator License. Although Betfair Interactive US LLC holds a Maryland-issued Sports Wagering Facility Operator and Online Sports Wagering Operator License, because it was qualified by application of alternative licensing standards in Maryland, its current licenses in these Commission-approved states are pertinent. BetfairInteractive US LLC, d/b/a FanDuel Sportsbook stated that it holds a current sports wagering-related license in these Commission-approved states:

- Pennsylvania Gaming Control Board
 - Type of Licenses: Sports Wagering Operator License; iGaming Operator License (Issued: 09/12/2018)
 - Expiration Date: 02/09/2026
 - Status: Active and In Good Standing

- Mississippi Gaming Commission
 - Type of License: Manufacturer and Distributor License (Issued: 08/22/2021)
 - Expiration Date: 08/21/2024
 - Status: Active and In Good Standing
- Virginia Lottery
 - Type of License: Permit Holder License (Issued: 01/21/2021)
 - Expiration Date: 01/20/2024
 - Status: Active and In Good Standing
- Michigan Gaming Control Board
 - Type of License: Commercial and Internet Gaming and Sports Betting License (Issued: 06/08/2021)
 - Expiration Date: License valid until next license renewal investigation (per MGCB memo dated 08/01/2023)
 - Status: Active and In Good Standing
- New York State Gaming Commission
 - Type of License: Temporary License
 - Expiration Date: Upon issuance of permanent license
 - Status: Active and In Good Standing

CONCLUSION AND RECOMMENDATIONS

Along with the Request for Application of Alternative Licensing Standards and Affidavit, the Applicant has submitted: a completed Sports Wagering Facility Operator License Application, adequate proof of bond and all required fees.

The Agency's inquiry with the states identified above confirms that the licenses issued by those states are current and valid. Staff is not aware of information that would indicate Betfair Interactive US LLC fails to meet the Commission's qualification requirements.

Staff recommends that the Commission find Betfair Interactive US LLC qualified for a Sports Wagering Facility Operator License based on application of the alternative licensing standards provisions in the Sports Wagering Law by clear and convincing evidence and to operate a retail sportsbook on behalf of Whitman Gaming, Inc.

Staff recommends that the Commission entertains motions to:

1. Find that Betfair Interactive US LLC has established by application of alternative licensing standards that it is qualified for a Sports Wagering Facility Operator License by

clear and convincing evidence;

2. Delegate to Staff the authority to draft the Commission's decision statement on the qualification of Betfair Interactive US LLC.