
MARYLAND LOTTERY and GAMING CONTROL COMMISSION

1800 Washington Blvd., Suite 330, Baltimore, Maryland 21230

COMMISSION REPORT



PROPOSED SALE AND PURCHASE AGREEMENT

Between
ASF Limited
and
Entain Holdings (UK) Limited

Report Date: August 16, 2023

EXECUTIVE SUMMARY

INTRODUCTION

We are conducting a hearing on the proposed acquisition of ASF Limited (“ASF”) by Entain Holdings (UK) Limited (“Entain Holdings” or “Purchaser”). The Maryland Lottery and Gaming Control Agency (“MLGCA”) is required by the Sports Wagering Law, State Government Article (“SG”), Title 9, Subtitle 1E, Annotated Code of Maryland, and the regulations of the Maryland Lottery and Gaming Control Commission (“Commission”), found in the Code of Maryland Regulations (“COMAR”) 36.10, to conduct an investigation to determine whether the Purchaser is qualified under the Sports Wagering Law. SG § 9-1A-19(b)(ii) as applied to the Sports Wagering Law by SG § 9-1E-03(a)(1).

The Commission must determine whether: (1) Entain Holdings has proven, by clear and convincing evidence, its qualifications; and (2) the proposed acquisition of ASF by Entain Holdings and transfer of a licensee’s interests meets, and is consistent with the policies and intent of the Sports Wagering Law. SG § 9-1A-19(b)(iii).

BACKGROUND

The Commission was provided notice of the proposed purchase of ASF by Entain Holdings in accordance with SG § 9-1A-19(b)(i), as applied to the Sports Wagering Law by SG § 9-1E-03(a)(1). On July 15, 2023, ASF, ASF’s shareholders and Entain Holdings entered into a Sale and Purchase Agreement (the “Agreement”). Entain Holdings must prove to the Commission, by clear and convincing evidence, that it meets all qualification criteria.

Regulatory History of ASF Limited

On February 14, 2023, ASF Limited was approved for a Sports Wagering Contractor License via alternative licensing standards, and a full background investigation is currently being conducted. ASF Limited holds a Sports Wagering Contractor License and the license is in good standing.

Ownership of the Applicant Entain Holdings

Entain Holdings is a direct parent company of GVC Holdings (USA), Inc. which holds a 50% ownership interest in BetMGM, LLC. On November 4, 2021, BetMGM was found qualified for a Sports Wagering Facility Operator License. As a part of BetMGM’s

application process for a Sports Wagering Facility Operator License, Entain Holdings and GVC Holdings (USA), Inc. had to be qualified by the Commission as a principal entity. During that application process, Entain Holdings disclosed pending charges brought by UK authorities against individuals formerly associated with Entain. Entain Holdings provided MLGCA with confirmation that a comprehensive review had occurred within Entain Holdings, and that: appropriate controls were in place; responsible individuals were removed; and Entain Holdings substantially strengthened its compliance program to prevent any future issues.

Entain Holdings was qualified by the Commission in November 2021, as a principal entity, and remains qualified. The MLGCA continues to monitor Entain Holdings to ensure compliance with qualification requirements.

ACQUISITION OF ASF LIMITED

ASF provides specialist pricing and risk management services to sports wagering operators. The Agreement provides that ASF and its shareholders will sell, and Entain Holdings will purchase, all of the equity interests in ASF. Subsequent to the completion of the transaction, ASF will continue to exist and provide its odds making services as a wholly-owned subsidiary of Entain Holdings to sports wagering operators in Kansas, Ohio and Washington, as well as to BetMGM. Entain Holdings will be an ultimate parent company of ASF and would be required to file a principal entity disclosure form with the Commission if it were not already qualified as a principal entity.

Entain Holdings will fund the acquisition using cash on hand generated from a recent public offering of its common stock. Completion of the sale is contingent upon obtaining all required approvals of gaming regulatory authorities, and is expected to occur August 31, 2023.

FINDINGS

Entain Holdings ownership, principals, and principal entities are unchanged from 2021. Entain Holdings is acquiring ASF Limited in its entirety; however, after the Agreement closes, ASF Limited will remain the sports wagering contractor licensee.

Approval of the Agreement will allow ASF to continue its operations as a sports wagering contractor.

CONCLUSION AND RECOMMENDATIONS

MLGCA Staff's investigation has confirmed that Entain Holdings is qualified as a principal entity. Entain Holdings would remain a principal entity of ASF upon closure of transaction. The purchase of ASF Limited and resulting ultimate ownership changes of the parent company are consistent with the policies and intent of SG § 9-1A-19 and requirements of the Sports Wagering Law. MLGCA Staff concludes that the Applicant has established by clear and convincing evidence its qualifications required for its acquisition of ASF Limited.

ASF Limited and Entain Holdings seek the Commission approval as follows: (i) for ASF Limited and Entain Holdings to consummate the Agreement, and perform their obligations thereunder; and (ii) for the transfer of 100% of the equity interest in ASF Limited to Entain Holdings, because the transfer is consistent with the policies and intent of the Sports Wagering Law.