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**MARYLAND LOTTERY and  
GAMING CONTROL COMMISSION**

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

**COMMISSION REPORT**



**PROPOSED ACQUISITION AGREEMENT**

**Between  
FBG Enterprises, Opco, LLC d/b/a Fanatics  
and  
PointsBet Holdings Limited**

**Report Date: August 16, 2023**

**EXECUTIVE SUMMARY**

## **INTRODUCTION**

We are conducting a hearing on the proposed acquisition of PointsBet Maryland LLC (“PointsBet Maryland”) from Pointsbet Holdings Limited (“PointsBet Holdings”) by FGB Enterprises Opco, LLC d/b/a Fanatics (“Fanatics” 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) Fanatics has proven, by clear and convincing evidence, its qualifications; and (2) the proposed acquisition of PointsBet Maryland by Fanatics 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 PointsBet Maryland by Fanatics in accordance with SG § 9-1A-19(b)(i), as applied to the Sports Wagering Law by SG § 9-1E-03(a)(1). On May 14, 2023, PointsBet Holdings and Fanatics entered into a Stock and Equity Sale Agreement (the “Purchase Agreement”). Fanatics must prove to the Commission, by clear and convincing evidence, that it meets all qualification criteria.

### **Regulatory History of PointsBet Maryland**

PointsBet Maryland was qualified for a Sports Wagering Facility Operator License by application of alternative licensing standards on November 18, 2021, and subsequently issued a Sports Wagering Facility Operator License. PointsBet Maryland has operated a retail sports book since September 8, 2022, pursuant to an agreement with Riverboat on the Potomac, LLC. On October 27, 2022, PointsBet Maryland was qualified for an Online Sports Wagering Operator License and subsequently issued an Online Sports Wagering Operator License. Both sports wagering licenses are in good standing with the Commission.

### **Regulatory History of Fanatics**

After undergoing a full background license investigation, the Commission qualified Fanatics for a Sports Wagering Facility Operator License on June 23, 2022, and subsequently issued a Sports Wagering Facility Operator License. Fanatics has operated a retail sports book since January 20, 2023.

On October 27, 2022, the Commission qualified Fanatics for an Online Sports Wagering Operator License based on application of alternative licensing standards, because it held the Maryland-issued Sports Wagering Facility Operator License. Fanatics was subsequently issued an Online Sports Wagering Operator License. Fanatics has operated mobile sports wagering in Maryland since June 1, 2023.

Currently, Fanatics is qualified by the Commission and holds a Sports Wagering Facility Operator License and an Online Sports Wagering Operator License. Both sports wagering licenses are in good standing with the Commission.

### **ACQUISITION OF POINTSBET MARYLAND**

The Purchase Agreement provides that PointsBet Holdings agrees to sell, and Fanatics agrees to purchase, all of the equity interests in PointsBet USA Holding Inc. and certain of its direct and indirect subsidiaries, including PointsBet Maryland. Together, the purchased entities constitute the bulk of the U.S. business of PointsBet Holdings.

After the Purchase Agreement closes, Fanatics will own and operate the U.S. PointsBet operations: online sports wagering; online advance deposit horseracing; iGaming; and retail sports book (including at horseracing tracks and off-track wagering facilities) in jurisdictions including New York, Kansas, Indiana, Illinois, Pennsylvania, Iowa, New Jersey, West Virginia, Virginia, Colorado, and Michigan; as well as the retail and mobile sports wagering operations of PointsBet Maryland. Subsequent to the completion of the transaction, PointsBet Maryland will continue to exist as a wholly owned subsidiary of Fanatics. Fanatics will be a parent company of PointsBet Maryland and would be required to file a principal entity disclosure form with the Commission if it were not already qualified as a Sports Wagering Facility Operator and an Online Sports Wagering Operator.

Aggregate consideration under the Purchase Agreement, as amended by the First Amendment to Stock and Equity Sale Agreement entered into as of June 27, 2023, is \$225,000,000 on a cash-free, debt-free basis, subject to customary post-closing adjustments.

### **FINDINGS**

Fanatics is currently qualified and in good standing under its existing Maryland sports wagering licenses. Fanatics ownership, principal entities, and principals remain the same as they are for its two Maryland sports wagering licenses. Currently, Fanatics meets the requirements of the Sports Wagering Law for qualification as a principal entity because Maryland's qualification standards for sports-wagering licenses are identical.

Fanatics is acquiring PointsBet Maryland in its entirety; however, after the Purchase Agreement closes, PointsBet Maryland will remain the Sports Wagering Facility Operator and the Online Sports Wagering Operator in Maryland. Approval of the Purchase Agreement will allow sports wagering operations that PointsBet Maryland currently conducts to continue.

### **CONCLUSION AND RECOMMENDATIONS**

MLGCA Staff's investigation confirms that Fanatics is qualified by the Commission under the Sports Wagering Law. Fanatics would be a principal entity of PointsBet Maryland upon closure of the transaction. The purchase of PointsBet Maryland and resulting 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 Fanatics has established by clear and convincing evidence its qualifications required for its acquisition of PointsBet Maryland.

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