

MARYLAND LOTTERY AND GAMING CONTROL COMMISSION AUGUST MINUTES

DATE: August 24, 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
Commissioner F. Vernon Boozer
Commissioner Harold Hodges
Commissioner James J. Stakem
Commissioner Jerry E. Williams

John Martin, Director
James Nielsen, Deputy Director, Chief Operating Officer
James Butler, Assistant Deputy Director, Chief of Staff
Michael Eaton, Managing Director, 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: 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
Representative from Betfair Interactive US, LLC d/b/a FanDuel Sportsbook
Representative from FBG Enterprise Opco, LLC d/b/a Fanatics
Representatives from Entain Holdings (UK) Limited
MLGCA Licensing Staff

QUORUM ESTABLISHED

Chair Marriner announced that there was a quorum present for the meeting. Also present in person was: Commissioner Vernon Boozer. Present via audio conference were Commissioners Harold Hodges, James Stakem and Jerry Williams. Vice Chair Doetsch and Commissioner Croghan were absent.

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 AGENDA

Chair Marriner reported that the Commissioners were provided with a copy of the Agenda. Chair Marriner asked for a motion to approve the Agenda. Commissioner Boozer 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 July 20, 2023, Open Session. There being none, Chair Marriner asked for a motion to approve the minutes. Commissioner Williams motioned to approve, Commissioner Boozer seconded, and the motion was unanimously approved.

Chair Marriner asked if there were any changes to the minutes of the July 27, 2023, Open Session. There being none, Chair Marriner asked for a motion to approve the minutes. Commissioner Williams motioned to approve, Commissioner Stakem seconded, and the motion was unanimously approved.

CONSENT AGENDA

Chair Marriner said the Consent Agenda contains:

1. Five new instant ticket games for the Commission's approval: #665 (\$1) *Fast Roll*; #667 (\$3) *Loteria*; #668 (\$5) *\$*; #669 (\$10) *Money Drop*; and #671 (\$30) *200X The Riches*;
2. EGD Games and Component Testing - Certified Lab Software, Hardware and Game Certifications: VLTs, Table Game Components, Instant Bingo Machines, Sports Wagering Systems and Kiosks (6/20/23 - 8/22/23);
3. Consent Agreements - Regulatory Violations
 - a. Hollywood Casino - March 2023;
 - b. Horseshoe Casino - March and April 2023;
 - c. MGM National Harbor - December 2022; January, February and March 2023;
 - d. Ocean Downs Casino - December 2022; January, February, March and April 2023;
 - e. Rocky Gap Casino - January, February, March, and April 2023;
4. Consent Agreements - Sports Wagering Violations
 - a. Greenmount OTB LLC - March 2023;
 - b. Long Shot's LLC - March 2023;
 - c. Maryland Stadium Sub, LLC - Fanatics Betting & Gaming - February 2023; and
 - d. Riverboat on the Potomac - March 2023;
5. Consent Agreements - Mobile Sports Wagering Violations

- a. Bingo World – Rush Street Interactive, LP – March 2023;
 - b. DraftKings – December 2022;
 - c. Hollywood Casino - Penn Sports Interactive, LLC – January 2023;
 - d. Live! – FanDuel – December 2022, February and March 2023; and
 - e. Riverboat on the Potomac -PointsBet Maryland LLC – February 2023;
6. Consent Agreements – Underage Violations MGM National Harbor – Case Nos. 2022-06-005 to -008; 2022-06-009 to -016; 2022-06-017 to -023; and 2023-06-001 to -007;
 7. Gaming License Application Denials/Revocations; and
 8. Staff Reports: James Nielsen, Deputy Director, Chief Operating Officer; James Butler, Assistant Deputy Director, Chief of Staff; Michael Eaton, Managing Director, 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 wished to remove and discuss any items on of the Consent Agenda. There being no discussion or requests, Chair Marriner asked for a motion to approve the Consent Agenda. Commissioner Stakem motioned to approve, Commissioner Williams seconded, and the motion was unanimously approved.

OPERATOR REPORTS

Hollywood Casino

Ms. Amy Brennan, General Manager, reported that gaming revenue was soft in slot machines and in sportsbook due to online gaming. Table games and poker were up in both June and July with hold issues. Hollywood Casino celebrated Pride Month in June with their annual Drag Brunch. Great Wolf Lodge has officially opened. For the last two months, Hollywood has offered guests that are staying at Great Wolf Lodge a food coupon, with 411 guests having redeemed the coupon. The casino had held several giveaway promotions, and hosted a Blackjack tournament with former Baltimore Oriole, Rick Dempsey doing a meet and greet. In July, Hollywood held an Owners Club Party at Donaldson Mansion for VIP guests. Several pay per view events were held in the Barstool Sportsbook Restaurant. The Year of the Team Member continued with a Luau and Pig Roast, door decorating contest, and” Walk a Mile” with executives visiting different departments. Team members volunteered at Plumpton Park Zoo to clean up from storm damage. The casino donated 200 apple pies to Ray of Hope Mission Center.

Ocean Downs Casino

Ms. Bobbi Jones, Interim General Manager, reported that July gaming revenue was down in comparison to July 2022, which was a record month. Revenue was down 5%, slot machine revenue was down 4.5%, and coin in was down \$2.5 million. Table game revenue was up \$24, 000, and hold was up 3.47% from the prior year. Handle was down 33.3%, with a lower hold by 20.9 points from prior year. Ocean Downs had several gift giveaways, including a jet ski and a Ford Bronco. The casino had a Siren VIP Party where guests received various name brand sunglasses. The racing season continues, and has been strong this year, including the annual ostrich and camel races in July. In the community, the casino held a Real Difference Community Charity Slots Tournament with \$20 in free play and a different charity is chosen each month. The casino collected 500 canned goods for a local food bank. The charity of the month for July was Positive Strides. In July, Ocean Downs had the quarterly Starfish Awards Banquet, recognizing the Leader of the Quarter, as well as front and back of house awards.

Live! Casino

Mr. Ryan Eller, General Manager, reported that gaming revenue for June and July were decent. June gaming revenue was up 3.8% year-over-year, with slot machine revenue up 2.1%, table game revenue up 14%, poker revenue up 10%, and retail sportsbook handle down 43% from the prior year. Year-over year July gaming revenue was up 1%, slot machine revenue was up .5%, and table game revenue was up 6%. Poker revenue was down .6% year-over-year, and retail sportsbook handle was down 15%. For entertainment at the casino, Kevin Hart made two appearances in June, there were boxing matches in July, and concerts with The O'Jays and a Queen cover band.

In both June and July, giveaways at the casino included Bac Hot Seats, radio-controlled toys, and a variety of high-end gifts, including a Rolex, Beats Headphones, and a Ford F-150.

Live! Casino held a \$50,000 Summer Luau Slot Tournament. In June, the casino held a Team Member Family Day at Hershey Park with over 5,000 team members and their families participating. In July Live! Casino donated pajamas to Casey Cares for critically ill children, and in June the casino was a sponsor for the Annapolis Pride event. The Day of Service in June included volunteering at Our Daily Bread, a rehab of a house for youth transitioning into the community, and Bingo at a long-term care facility, with over 100 hours of community service provided to various charities. Live! Casino sponsored the Annapolis Juneteenth Festival and the Maryland Washington Minority Companies Association Outreach. Live! hosted the Maryland Hispanic Chamber of Commerce in The Hall.

Rocky Gap Casino

Mr. Brian Kurtz, General Manager, reported that gaming revenue was softer in June and July compared to the prior year. Gaming revenue was down 4.1% and 6.6%, respectively, with a 4.2% decrease in coin-in, with a flat hold. Table game revenue had a slight increase in drop, but hold decreased a little over a point. July slot revenue was down 4.6%, with a similar decrease in coin-in, and a flat hold. Table games had a flat drop for the month with a significant decrease in hold. Hotel occupancy has been very good at 89% in June, and 94% in July, both outdoing prior years by 2 points. Rocky Gap has held several giveaway promotions in June and July. The Bonkerz Comedy Show was well attended both months. Rocky Gap held a barbeque for top tier guests that included fireworks. Team members enjoyed treats each day the last week of July. In August, team members enjoyed a picnic on the property. In the community, the Rocky Gap Cares program over 60 days collected 580 items and donated them to the Family Crisis Resource Center. Rocky Gap participated in the Stuff the Bus for local schools, including a trip to Walmart where two buses were stuffed. Rocky Gap Casino transitioned ownership on July 25. Mr. Kurtz thanked Golden Entertainment for their support over the years, and welcomed Century Casino.

Horseshoe Casino

Mr. Randy Conroy, Vice President and General Manager, reported that July slot revenue was \$10.6 million, and \$5.4 million in table game revenue. Sports business was \$245,000 on exceptionally strong hold. In August, Horseshoe celebrated the casino's 9th Anniversary, showcasing the Suitcase Man promotion, with prizes in suitcases, which included an Audi SUV in one of the suitcases. Blackjack and baccarat tournaments are being held every week. Horseshoe Casino is doing All Things Ravens as football season starts. There have been a number of new slot machines installed and have been very active. The casino has opened the electronic table games area, called the "Electric Avenue", with 40-seat stadium style electronic table games. In the community, Horseshoe Casino presented Paul's Place with a check for \$9,638, and Maryland Department of Veteran Affairs with a check for \$18,200. Recipients for the second half of the year will include Girls and Boys Club of America, the Table Foundation, and Believe in Tomorrow. The casino held a Back to School drive for James McHenry Elementary School and delivered school supplies to the school.

Team members were treated to an annual barbeque in July, which will be moved to September next year. Prizes were given away including one prize of \$1,000 cash. All-team member rallies were held throughout the month of August with information regarding the casino and the future were shared with the team members. A Don Carano Legacy Scholarship of \$5,000/ a year for 4 years was given to the son of one of the casino's dealers. Mr. Conroy and the Security Director will cook omelets in appreciation of overnight staff.

MGM National Harbor

Mr. Efrain Perez Agosto, Vice President and CFO, reported that there was a decline in gaming revenue in June and July, down 7% from July of 2022. Admission at the casino was steady, but the amount guests are spending was less. Table game revenue was down 10%, with lower hold than previous months. Slot machine revenue was down 4%. Poker is ramping up 6% year-over-year, sports betting handle was down 14% on retail. Handle is much higher on MGM mobile. The casino has several promotions including the popular cast iron cookware, a kiosk game and lottery ticket giveaways. MGM National Harbor had several entertainment shows including Boyz II Men, Peter Frampton, Santana, and Penn & Teller. In the community, the casino was a sponsor for the Pride Parade in Washington, DC. Team members volunteered to pick up trash along the Potomac River. MGM executive staff partnered with the Washington Commanders donating school supplies to local schools. Team members went to Six Flags on National Harbor Day, with over 2,000 team members and their families attending.

DIRECTOR'S REPORT

Director's Report — John Martin, Director

Director Martin reported that the Year-End-Report for Fiscal Year 2023 was released and it was a very successful year across the gaming landscape, with nearly \$1.6 billion combined contributed to the State, which breaks down to almost \$848 million in revenue from casino gaming, \$714 million in lottery profit, \$25 million in sports wagering, and \$1.2 million in revenue from daily fantasy sports. On a daily basis combined MLGCA averages \$4.35 million a day for each day of the year in contributions to the State. Looking at numbers for Lottery \$2.764 billion is sales, up from last year, on average that is \$7.5 million per day in lottery sales. Prizes to players is \$4.7 million a day, totaling \$1.73 billion dollars. On the casino gaming side, high numbers for the Education Trust Fund contribution, local impact grants, horse racing industry and Problem Gambling Fund. Looking at the revenue estimates, MLGCA exceed every estimate forecast across the line. As noted from casino partners, Fiscal Year 2024 is starting off with a little bit of a challenge, and lottery is not immune to that. MLGCA is optimistic we can meet the challenge ahead as the year progresses with lottery, casino gaming, and sports wagering.

Chair Marriner congratulated MLGCA on a record year and hopes the record-breaking streak continues.

COMMISSION ACTION ITEMS

Managing Director, Gaming – Michael Eaton

Commission Action Item – Horseshoe Casino Permanent VLT Reduction

Mr. Eaton reported that Horseshoe Casino has submitted a request for a permanent reduction to the number of VLTs on its gaming floor. This request is being made to remove underperforming VLTs and due to current market factors and business strategies to ensure the highest potential tax

revenues are achieved. The reduction would include a reconfiguration of their current gaming space, allowing for more space between VLTs and a more enjoyable gaming experience for its players.

Horseshoe Casino is currently approved for 1,600 VLTs. It is requesting a permanent reduction of 200 VLTs for a final count of 1,400. With approval, the project is scheduled to begin on or about September 1, 2023 and should be completed no later than November 15, 2023.

Similar projects at Horseshoe Casino have historically translated into revenue growth and the casino believes this project will also yield positive results.

Chair Marriner noted that the Commission does not insert thoughts of operations to the casinos, as it is not the place of the Commission to tell them what to do.

Chair Marriner asked if there was any discussion. There being none, Chair Marriner asked for a motion to approve Horseshoe Casino's request for a permanent reduction of 200 VLTs. Commissioner Stakem motioned, and Commissioner Williams seconded, and the motion was approved unanimously.

Commission Action Item – Hollywood Casino Temporary VLT Reduction

Mr. Eaton reported that Hollywood Casino has submitted a request for a temporary reduction to the number of VLTs on its gaming floor. The reduction would allow for renovations to its current gaming space, including the relocation of the main table games pit.

Hollywood Casino is currently approved for 754 VLTs. It is requesting a temporary reduction of up to 104 VLTs at any point during the renovation period, for a final count of 650. With approval, the project is scheduled to begin on or about September 1, 2023 and should be completed no later than November 30, 2023.

Hollywood Casino projects that the completion of this project will result in a net increase in gaming revenue.

Chair Marriner asked if there was any discussion. There being none, Chair Marriner asked for a motion to approve Hollywood Casino's request for a temporary reduction of up to 104 VLT's. Commissioner Stakem motioned, Commissioner Boozer seconded, and the motion was approved unanimously.

Commission Action Item – Long Shots Retail Sportsbook Reconfiguration

Mr. Eaton reported that Betfred Sports, LLC has submitted a request for its permanent sports wagering expansion and is seeking approval of the area floor plan. The sports wagering area will consist of a 4,500 square foot sportsbook located at Long Shots in Frederick, MD. The wagering area will consist of 5 wagering teller windows. 12 self-service wagering kiosks will also be located in the sports wagering area. Betfred will maintain consistent communication with Agency staff prior to opening. Staff will review the project for compliance with all regulatory requirements before Betfred begins any sports wagering activities in this new area.

Chair Marriner asked if there were any questions. There were no questions. Chair Marriner asked for a motion to approve Betfred's permanent sports wagering floor plan. Commissioner Williams motioned, Commissioner Stakem seconded, and the motion was approved unanimously.

Managing Director, Regulatory Oversight — John Mooney

Chair Marriner announced that the Commission would be holding three hearings today, and Mr. Mooney would summarize the Agency's investigation of each. Chair Marriner went over the procedure for these hearings, and then collectively administered the oath to anyone who may testify or answer questions in any of the hearings, including Agency Staff who worked on the matters, and any representatives of an interested party who are present for the hearing. Chair Marriner then administered the oath to MLGCA Staff: John Mooney, Phil Metz, and Mark Ermer; and representatives from FanDuel: David Ermann; from ASF Ltd.: Paul Mann; from Entain: Jeremy P. Kleiman; and from Fanatics: Robert Ruben and Alex Smith.

Mr. Mooney stated that there would be three hearings: (1) Betfair Interactive US, LLC d/b/a FanDuel Sportsbook seeking qualification for a Sports Wagering Facility Operator License by application of alternative licensing standards; (2) qualification and approval of the proposed acquisition of PointsBet US Holding Limited by FBG Enterprise Opco, LLC d/b/a as Fanatics Betting and Gaming; and (3) qualification and approval of the proposed acquisition of ASF Limited by Entain Holdings (UK) Limited. Mr. Mooney said he would summarize the reports for each and then request motions at the end of each hearing.

Commission Action Item – Betfair Interactive US, LLC d/b/a FanDuel Sportsbook – Sports Wagering Facility Operator License – Qualification Hearing

Mr. Mooney reported MLGCA conducted a suitability background license investigation of Betfair Interactive US LLC, d/b/a FanDuel Sportsbook 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 submitted a request for application of alternative licensing standards with its Sports Wagering Facility Operator License Application, implemented by COMAR 36.10.02.12. Mr. Mooney outlined the procedure to the application for alternative licensing standards.

FanDuel is currently the largest sports betting operator in the United States by volume. FanDuel Group Inc. is the parent company of Betfair Interactive US LLC. Betfair Interactive US LLC, d/b/a FanDuel Sportsbook is licensed to offer retail or mobile sports wagering products in 16 U.S. states. FanDuel was qualified by the Commission and issued a Sports Wagering Facility Operator License on November 4, 2021, and an Online Sports Wagering Operator License on October 27, 2022, based on application of alternative licensing standards.

Staff is not aware of any unresolved issues that negatively impact the Applicant's qualifications and MLGCA has otherwise found no derogatory information regarding FanDuel that would disqualify it from holding a Sports Wagering Facility Operator License to operate Whitman Gaming, Inc's sportsbook.

FanDuel Group Inc. ("FanDuel Group"), which is the parent company of Betfair Interactive US LLC, 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.

Jonathan Hill, Carolyn Renzin, David F. Nathanson, Amy Howe, Jeremy P. Jackson, David Jennings, Andrew Sheh, and John Griffin were identified as a Principal by the Applicant and currently hold a Principal Employee License issued by the Commission. Pdraig O'Riordian and Paul Edgecliff-

Johnson were also identified as Principals and their principal employee license applications are pending.

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 the Applicant holds two Maryland-issued sports wagering licenses, because it was qualified by application of alternative licensing standards in Maryland, its current licenses in five Commission-approved states are relevant: Michigan, Mississippi, New York, Pennsylvania, and Virginia. Staff has confirmed that the licenses issued by these five 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 its licensure in five Commission-approved states and by application of alternative licensing standards provisions by clear and convincing evidence.

Chair Marriner confirmed with Mr. Mooney that the commission had already approved the Sports Wagering Operator License twice, and asked why the Commission is approving the request for application for alternative licensing a third time. Mr. Mooney stated that Betfair Interactive US LLC applied for a different location and each location gets qualified.

Chair Marriner asked if anyone from FanDuel wished to speak. David Ermann, a representative from FanDuel, noted that there was no additional information to submit, and thanked the Commission and MLGCA for their hard work in this investigation.

Chair Marriner asked if any of the Commissioners had any questions. There were no questions. Chair Marriner asked for a motion to find that Betfair Interactive US LLC, d/b/a FanDuel Sportsbook has established by application of alternative licensing standards that it is qualified for a Sports Wagering Facility Operator License by clear and convincing evidence. Commissioner Williams motioned, Commission Stakem seconded, and the motion passed unanimously.

Chair Marriner then asked for a motion to direct Staff to draft the Commission's decision statement on the qualification of Betfair Interactive US LLC, d/b/a FanDuel Sportsbook for a Sports Wagering Facility Operator License. Commissioner Stakem motioned, Commissioner Boozer seconded, and the motion passed unanimously.

Commission Action Item – FBG Enterprise Opco, LLC d/b/a Fanatics – Acquisition of Points Bets US Holding, Inc.

Mr. Mooney reported that MLGCA is conducting a hearing on the proposed acquisition of PointsBet Maryland, LLC ("PointsBet Maryland") from PointsBet Holdings Limited ("PointsBet Holdings") by FBG Enterprises Opco, LLC d/b/a Fanatics Betting and Gaming.

For this hearing, the Commission must determine:

- (1) Whether Fanatics has proven, by clear and convincing evidence, its qualifications; and
- (2) Whether 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.

The Commission was provided notice of the proposed purchase of PointsBet Maryland by Fanatics in accordance with State Government Article ("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.

PointsBet Maryland's regulatory framework in Maryland begins on November 18, 2021, when it was qualified for a Sports Wagering Facility Operator License by application of alternative licensing standards. It was issued a license and has been operating a retail sportsbook since September 8, 2022, pursuant to an agreement with Riverboat on the Potomac. On October 27, 2022, PointsBet Maryland was qualified for an Online Sports Wagering Operator License and then issued a license. Both sports wagering licenses are in good standing with the Commission.

Fanatics regulatory framework in Maryland begins on June 23, 2022 when it was qualified by the Commission for a Sports Wagering Facility Operator License after it underwent a full background investigation and was subsequently issued a license. On October 27, 2022, Fanatics was qualified by the Commission for an Online Sports Wagering Operator License based on application of alternative licensing standards. Fanatics has operated mobile sports wagering in Maryland since June 1, 2023. Both of Fanatics' Maryland sports wagering licenses are in good standing with the Commission.

The Purchase Agreement provides that Fanatics will purchase all of the equity interests in PointsBet Holdings Inc. and direct and indirect subsidiaries including PointsBet Maryland. Upon closure of the Purchase Agreement, 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. 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.

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.

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.

Chair Marriner asked if anyone from the interested parties wished to speak. Alex Smith, a representative from Fanatics, thanked the MLGCA licensing staff for the investigative work completed with Fanatics on the acquisition.

Chair Marriner asked if any of the Commissioners had any questions. There were no questions. Chair Marriner asked for a motion to find that FBG Enterprise Opco, LLC d/b/a Fanatics Betting and Gaming has established, by clear and convincing evidence, its qualifications as a Principal Entity. Commissioner Stakem motioned, Commissioner Williams seconded, and the motion passed unanimously.

Chair Marriner asked for a motion to find that FBG Enterprise Opco, LLC d/b/a Fanatics Betting and Gaming meets the requirements of the Sports Wagering Law, and that the resulting ownership changes from the acquisition of PointsBet Maryland from PointsBet Holdings Limited are consistent with the policies and intent of the Sports Wagering Law and State Government Article § 9-1A-18, as required by State Government Article § 9-1A-19. Commissioner Stakem motioned, Commissioner Williams seconded, and the motion passed unanimously.

Chair Marriner asked for motion to approve the proposed acquisition of PointsBet Maryland from PointsBet Holdings Limited by FBG Enterprise Opco, LLC d/b/a Fanatics Betting and Gaming as consistent with the Sports Wagering Law. Commissioner Stakem motioned, Commissioner Williams seconded, and the motion passed unanimously.

Chair Marriner asked for a motion to direct Staff to draft a decision statement of the Commission on this hearing. Commissioner Williams motioned, Commissioner Stakem seconded, and the motion passed unanimously.

Commission Action Item – Entain Holdings (UK) Limited Acquisition of ASF Limited

Mr. Mooney said MLGCA is conducting a hearing on the proposed acquisition of ASF Limited (“ASF”) by Entain Holdings (UK) Limited (“Entain Holdings”).

For this hearing, the Commission must determine:

- (1) Whether Entain Holdings has proven, by clear and convincing evidence, its qualifications; and
- (2) Whether 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.

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.

ASF’s regulatory framework in Maryland begins on February 14, 2023, when it was qualified for a Sports Wagering Contractor License by application of alternative licensing standards. ASF provides specialist pricing and risk management services to sports wagering operators. A full background investigation is pending. ASF holds a Sports Wagering Contractor License that is in good standing.

Entain Holdings regulatory framework is connected with BetMGM. 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. were qualified by the Commission as principal entities. During that application process, Entain Holdings disclosed pending charges brought by UK authorities against individuals formerly associated with Entain Holdings. Entain Holdings provided MLGCA with confirmation that a comprehensive review had occurred, 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.

The Agreement provides that Entain Holdings will purchase all of the equity interests in ASF. Upon closure of the Agreement, 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 on August 31, 2023.

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. Approval of the Agreement will allow ASF to continue its operations as a Sports Wagering Contractor.

MLGCA Staff's investigation confirms that Entain Holdings is qualified by the Commission under the Sports Wagering Law as a principal entity. Entain Holdings would remain a principal entity of ASF upon closure of transaction. The purchase of ASF 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.

Chair Marriner asked if anyone from Entain wished to speak. No one spoke.

Chair Marriner asked if any of the Commissioners had any questions. There were no questions. Chair Marriner asked for a motion to find that Entain Holdings (UK) Limited has established, by clear and convincing evidence, its qualifications as a Principal Entity. Commissioner Stakem motioned, Commissioner Williams seconded, and the motion passed unanimously.

Chair Marriner asked for a motion to find that Entain Holdings (UK) Limited meets the requirements of the Sports Wagering Law, and that the resulting ownership changes from the acquisition of ASF Limited are consistent with the policies and intent of the Sports Wagering Law and State Government Article § 9-1A-18, as required by State Government Article § 9-1A-19. Commissioner Stakem motioned, Commissioner Williams seconded, and the motion passed unanimously.

Chair Marriner asked for a motion to approve the proposed acquisition of ASF Limited by Entain Holdings (UK) Limited as consistent with the Sports Wagering Law. Commissioner Williams motioned, Commissioner Stakem seconded, and the motion passed unanimously.

Chair Marriner asked for a motion to direct Staff to draft a decision statement of the Commission on this hearing. Commissioner Williams motioned, Commissioner Stakem seconded, and the motion passed unanimously.

CLOSED SESSION

There was no need for the Commission to go into a closed session.

DATE AND TIME OF NEXT MEETING

The next Commission meeting will be held on Thursday, September 28, 2023, at 10:00 a.m. in person at Lottery Headquarters and via video conference.

ADJOURNMENT

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

Respectfully submitted,


John Martin
Director