
MARYLAND LOTTERY and GAMING CONTROL COMMISSION

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

COMMISSION REPORT



PROPOSED MERGER

of
SimpleBet, Inc.
by
DraftKings, Inc.

Report Date: December 2, 2024

PUBLIC REPORT

INTRODUCTION

We are conducting a hearing on the proposed merger of DraftKings, Inc. (“DraftKings”) and SimpleBet, Inc. (“SimpleBet”). The Maryland Lottery and Gaming Control Agency (“MLGCA”) is required by the Gaming and Sports Wagering Law, State Government Article (“SG”), Title 9, Subtitles 1A and 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”) 36.03 and 36.10, to conduct an investigation to determine whether the proposed owners are qualified under the Gaming or Sports Wagering Law pursuant to SG § 9-1A-19(b)(ii) and as applied to the Sports Wagering Law by SG § 9-1E-03(a)(1).

The Commission must determine whether: (1) DraftKings and SimpleBet have proven, by clear and convincing evidence, their qualifications; and (2) the proposed merger and resulting acquisition of SimpleBet and transfer of a licensee’s interests meets, and is consistent with the policies and intent of the Gaming and Sports Wagering Law. SG § 9-1A-19(b)(iii).

BACKGROUND

DraftKings is a provider of mobile and retail sports wagering operations in 28 states, Washington, D.C. and Ontario, Canada. DraftKings is an indirect parent company of Crown MD Gaming, LLC which holds a Maryland Sports Wagering Facility Operator License, and Crown MD Online Gaming, LLC, which holds both an Online Sports Wager Operator License and a Mobile Sports Wagering License in Maryland.

SimpleBet is a provider of real-time odds feeds to the sports betting industry focused on ‘micro-markets’ which have short timespans (e.g., an at-bat in baseball, a specific play in football). SimpleBet’s products use historical and live data from data providers to create statistical odds that are provided to operators. This information is then used by operators to adjust the pricing of wagers offered via their individual platforms. SimpleBet is the immediate parent company of SimpleBet Maryland, LLC which currently holds a Sports Wagering Contractor License in Maryland.

MERGER TRANSACTION

On August 28, 2024, DraftKings, Inc. and SimpleBet, Inc. entered into a Merger Agreement whereby DraftKings will acquire SimpleBet. The proposed transaction will allow for the integration of SimpleBet’s proprietary machine-learning models into DraftKings’ pricing and technology platform to create betting opportunities during every moment of a sporting event. Siena Merger Sub, LLC (“Siena”), a subsidiary of DraftKings, was created to effect the merger transaction. Siena has submitted a Sports Wagering Principal Entity Disclosure Form with the Maryland Lottery and Gaming Control Commission.

Under the terms of the Merger Agreement, Siena will merge with and into SimpleBet with Siena remaining as the surviving company. Siena will then become a direct, wholly-owned subsidiary of DraftKings and change its name to SimpleBet, LLC.

SimpleBet will honor existing contracts with sportsbook operators through July 31, 2025, at which time it will begin providing services exclusively to DraftKings. The Boards of Directors of both DraftKings and SimpleBet have approved the merger transaction. Post-closing, Mr. Paul Liberman will serve as Chief Executive Officer and President and Mr. Alan Ellington will serve as Chief Financial Officer and Treasurer of SimpleBet, LLC. Each individual is currently licensed as a Principal Employee by the Commission.

INVESTIGATIVE PROCEDURES AND CONCLUSIONS

We performed inquiries and examined relevant documents, including the Merger Agreement, in order to obtain an adequate understanding and confirm the substance of the transaction. The investigation disclosed no information from our inquiries and found no content in the documents reviewed that would negatively impact Crown MD Gaming, LLC’s status as being qualified as a Sports Wagering Facility Operator, Crown MD Online Gaming, LLC from being qualified as an Online Sports Wagering Operator or Mobile Sports Wagering Licensee, or from, SimpleBet Maryland, LLC’s status as being qualified as a Sports Wagering Contractor. Additionally, our investigation disclosed no information that would prevent DraftKings, Inc. and Siena Merger Sub, LLC from being qualified as principal entities in Maryland.

CONCLUSION AND RECOMMENDATIONS

MLGCA Staff's investigation confirms that DraftKings and SimpleBet maintain their qualifications and good standing with their current Maryland Sports Wagering Licenses. MLGCA Staff has found no derogatory information regarding Siena and no issue with Siena meeting the requirements in the Gaming or Sports Wagering Law as required by SG § 9-1A-19(b)(ii).

The merger of DraftKings and SimpleBet and resulting ownership changes from the proposed Merger Agreement, are consistent with the policies and intent of SG § 9-1A-19 and requirements of the Gaming and Sports Wagering Law. MLGCA Staff concludes that DraftKings, SimpleBet, and Siena have established by clear and convincing evidence their qualifications as required for their proposed merger.

DraftKings and SimpleBet seek the Commission approval as follows: (i) for DraftKings and SimpleBet to consummate the Merger Agreement, and perform their obligations thereunder; and (ii) for the merger to occur wherein, (a) Siena will merge with and into SimpleBet becoming the surviving company; (b) Siena will then become a wholly owned subsidiary of DraftKings; and (c) change its name to SimpleBet, LLC, because the proposed merger is consistent with the policies and intend of the Gaming and Sports Wagering Law.