
MARYLAND LOTTERY and GAMING CONTROL COMMISSION

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

COMMISSION REPORT



**In Re the Application of
Crab Services, Inc.**

**SPORTS WAGERING FACILITY OPERATOR- License
Applicant No.: SW-2025-01**

and

**ONLINE SPORTS WAGERING OPERATOR- License
Applicant No.: SW-2025-02**

LICENSE APPLICANT

Report Date: May 8, 2025

“PUBLIC REPORT”

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 and an Online Sports Wagering Operator License, an applicant must submit the appropriate application to the Commission: a Sports Wagering Facility Operator License Application and an Online Sports Wagering Operator License Application. For each application, 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, for the Online Sports Wagering Operator License, the applicant must prove that it is qualified under SG § 9-1E-07(e) and COMAR 36.10.03.02 and 36.10.06.02 and not disqualified under SG § 9-1E-07(g)(1). For the Sports Wagering Facility Operator License, 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 for each license must provide all information to the Commission that is necessary for a qualification determination as to the applicant, its principals, and its principal entities. Because Crab Services has applied for both licenses and ultimately the same qualification requirements apply to each license, the Agency has consolidated the report into Crab Services into one report for both sports wagering license applications.

The Applicant

The Agency (“Agency,” “we” or “our”), conducted a suitability background license investigation of Crab Services, Inc. (“Crab Services” or “Applicant”), in connection with each of its applications for a Sports Wagering Facility Operator License and an Online Sports Wagering Operator License.

Crab Services was incorporated in Delaware on February 4, 2025 and has its principal office located at 139 Deer Drive, Lusby, Maryland.

INVESTIGATION INTO APPLICANT

Background

Crab Services will provide comprehensive operational services to support regulated sports wagering, including end-to-end sportsbook management services across both mobile and retail channels, covering trading and risk management oversight, customer relationship management service, marketing and promotions, and affiliate and partnership programs. Crab Services has

submitted a Sports Wagering Facility Operator License Application and an Online Sports Wagering Operator License Application with the Commission.

Ownership of the Applicant

Crab Services is privately-owned with the following individuals and entity having a 5% or greater ownership interest in the Applicant:

- Mr. Derek Baker – 35.78%
- Ms. Adele Sinclair – 35.78%
- Complete and Equal Understanding, LLC - 5.43%

Mr. Derek Baker and Ms. Adele Sinclair are each currently licensed as a Principal Employee in Maryland, and Complete and Equal Understanding, LLC has previously submitted a Sports Wagering Principal Entity Disclosure Form with the Commission.

Agreement with Canton Gaming, LLC

Crab Services has entered into an Operating Agreement with Canton Gaming, LLC, (“Canton Gaming”), which currently conducts retail sports wagering activities at The Greene Turtle sports bar located at 3803 Boston Street, Baltimore, Maryland. Canton Gaming is licensed as a Sport Wagering Facility in Maryland and is financially backed by its majority owner, Mr. Mark Sapperstein, who is licensed as a Principal Employee by the Commission.

Under the terms of the Operating Agreement, Crab Services will manage the daily operations of the sportsbook, supply Canton Gaming with required financial and operational reports, ensure compliance with all applicable gaming regulations, and ensure that the sportsbook operation meets responsible gaming and anti-money laundering requirements. The Operating Agreement provides that the net win or loss from sportsbook operations, defined as the amount of wagers placed by customers less winnings paid out to customers and gaming taxes paid by Canton Gaming, will be allocated 98% to Canton Gaming and 2% to Crab Services. The Operating Agreement is for a three-year term commencing upon the approval of Crab Services’ license by the Commission and has no extension periods. Currently, Canton Gaming’s retail sports wagering

activities are operated by Parx Interactive Maryland, Inc. which has notified the Canton Gaming of its intent to terminate its services effective June 19, 2025.

On December 11, 2024, Crab Sports, Inc., an affiliate of Crab Services, Inc., entered into a Services and Equipment Agreement (the “Agreement”) with Internet Sports International, Ltd. (“ISI”), a provider of retail sportsbook solutions for small to medium sized commercial and tribal casinos. An addendum to the Agreement was signed by Crab Sports, Inc., ISI and Canton Gaming, LLC on December 19, 2024, whereby Crab Sports, Inc. agreed to assign its rights and delegate its responsibilities under the Agreement to Canton Gaming.

Under the terms of the Agreement, ISI will provide Canton Gaming the equipment, software, services, and support necessary to integrate its sports betting platform with Canton Gaming’s existing sports betting kiosks, and provide betting odds on sporting events. The initial term of the Agreement is five years, and either party may terminate the Agreement without cause by the end of the third year after providing six months written notice. The net win or loss from sportsbook operations, defined as the amount of wagers placed by customers less winnings paid out to customers and gaming taxes paid by Canton Gaming, will be allocated 85% to Crab Services and 15% to ISI. Additionally, Canton Gaming will pay ISI an initial set up fee of \$30,000 and a monthly maintenance and software support fee of \$4,750. Internet Sports International, Ltd. has submitted a Sports Wagering Contractor License Application with the Commission.

In addition to providing Sports Wagering Facility Operator services to Canton Gaming, as outlined above, Crab Services will separately provide Online Sports Wagering Operator services to Crab Sports, Inc. Crab Services will carry out operator responsibilities jointly with its current Online Sports Wagering Operator, iGaming Cloud, Inc., trading as Gaming Innovation Group (“GiG”), through a service agreement. GiG was approved as an Online Sports Wagering Operator by the Commission on March 23, 2023.

FINDINGS

As previously noted, Crab Services was recently formed on February 4, 2025, and has conducted no business activity since its inception, thus precluding a review of its financial operations. Agency Staff did conduct an internet records search for any litigation filings

(bankruptcy, civil or criminal) pertaining to Crab Services. No such litigation was identified in our search and the Applicant did not disclose any pending or settled litigation in its license application. Additionally, we attempted to obtain a Dun & Bradstreet investigative report on Crab Services but no report was available. Nothing came to our attention during the course of our review that would lead us to conclude that Crab Services is unsuitable for licensure as a Sports Wagering Facility Operator or as an Online Sports Wagering Operator.

The Agency conducted a complete and thorough background investigation as authorized under the Sports Wagering Law of newly formed Crabs Services by conducting interviews of key personnel, focusing on required qualification criteria involving integrity and financial stability. The Agency adhered to well-defined and approved investigative protocols in assembling the factual information incorporated in this report. The results of the investigation for the specific qualification criteria enunciated in SG § 9-1E-07(e)(6), and COMAR 36.10.03.02 and 36.10.06.02 and 36.10.06.03 because Crab Services applied for both a Sports Wagering Facility Operator and Online Sports Wagering Operator License, as well as confirming that it is not disqualified under SG § 9-1E-07(g)(1), are summarized as follows:

1) Financial stability, integrity and responsibility

The Applicant satisfies the standards for financial stability, integrity and responsibility in connection with its Sports Wagering Facility Operator License Application and an Online Sports Wagering Operator Application.

2) Integrity of financial backers, investors, mortgages, bondholders, and other holders of indebtedness

Based on our review, there are no material issues involving the known financial backers of the Applicant.

3) Good character, honesty, and integrity

The Agency found that the Applicant possesses the requisite good character, honesty and integrity. No significant issues surfaced concerning the qualifications of the Applicant. There were no material issues discovered pertaining to the Applicant's record of regulatory compliance or litigation matters.

4) Sufficient business ability and experience

Crab Services was only recently formed and has conducted no business activity since its inception, thus precluding a review of its financial operations. However, the principal owners of Crab Services have credible sports wagering experience as the owners of Crab Sports, which possesses a Sports Wagering Mobile License issued by the Commission and has been in operation since July 12, 2023. The Applicant possesses the requisite business ability and experience.

5) Potential Disqualifying factors

The Applicant is not disqualified from being issued a Sports Wagering Facility Operator License or an Online Sports Wagering Operator License based on any of the criteria listed in COMAR 36.10.03.02.C and SG § 9-1E-07(g)(1). The Applicant is qualified to be issued a license by the Commission.

Applicant and Principal Entities

The Applicant and its principal entity satisfy the applicable qualification criteria under SG § 9-1E-07(e)(6) and COMAR 36.10.03.02, 36.10.06.02, and 36.10.06.03 and are not disqualified under COMAR 36.10.03.02C and SG § 9-1E-07(g)(1).

Principal Qualifiers

We identified the following individuals as principals of the Applicant. Both are currently licensed by the Commission:

- Mr. Derek Baker;
- Ms. Adele Sinclair.

CONCLUSION AND RECOMMENDATIONS

The Applicant has submitted a completed Sports Wagering Facility Operator License Application, an Online Sports Wagering Operator Application, adequate proof of bonds for each, and all required fees for both applications.

The Agency's investigation has confirmed that the Applicant has sufficient financial resources and found no derogatory information regarding the Applicant's qualifications. Based on the criteria in SG § 9-1E-07(e)(6) and COMAR 36.10.03.02, 36.10.06.02 and COMAR 36.10.06.03, we conclude that the Applicant has established by clear and convincing evidence the

qualifications required for a Sports Wagering Facility Operator License and an Online Sports Wagering Operator License.

Staff recommends that the Commission find Crab Services, Inc. qualified for each license it applied for: a Sports Wagering Facility Operator License and a Sports Wagering Online Operation License, based on the provisions of the Sports Wagering Law by clear and convincing evidence.

Staff recommends the Commission entertains motions to:

1. Find that Crab Services, Inc. has established, by clear and convincing evidence, its qualifications for a Sports Wagering Facility Operator License;
2. Find that Crab Services, Inc. has established by clear and convincing evidence, its qualifications for an Online Sports Wagering Operator License; and
3. Delegate to Staff the authority to draft the Commission’s decision statements on the qualification of Crab Services, Inc. for each license it has applied for separately: a Sports Wagering Facility Operator License and an Online Sports Wagering Operator License.