
MARYLAND LOTTERY and GAMING CONTROL COMMISSION

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

COMMISSION REPORT



**In Re the Application of
CBAC Borrower, LLC,
d/b/a Horseshoe Casino Baltimore**

**Sports Wagering Facility License
RENEWAL**

**License Number 2021-SW-03
Report Date: September 2, 2026**

“Public Report”

INTRODUCTION

Role of the Maryland Lottery and Gaming Control Commission

A Sports Wagering Facility License (“facility license”) may be renewed by the Maryland Lottery and Gaming Control Commission (“Commission”) following the initial 5-year term. State Gov’t (“SG”) § 9-1E-06(c); COMAR 36.10.03.05; COMAR 36.10.03.06. On proper application for renewal of the facility license and payment of the license renewal fee, the Commission shall renew the license. SG § 9-1E-06(c)(2). COMAR 36.10.03.06B provides that if (1) the licensee establishes, by clear and convincing evidence, that it meets applicable license qualification requirements; (2) submits to a background investigation as required by the Commission; (3) reimburses the Commission for all costs associated with the background investigation; and (4) pays the required license renewal fee the Commission shall renew the facility’s license.

The applicant for renewal of a facility license must prove to the Commission, by clear and convincing evidence, that it remains qualified to hold a facility license. SG § 9-1E-07; COMAR 36.10.03.06. Specifically, 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. SG § 9-1E-07.

Process

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. The findings of the investigation are compiled into a report which the Commission uses to determine whether the Applicant is qualified to hold a license. 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.

As a prerequisite to being eligible for the renewal of a Sports Wagering Facility License, an applicant must submit a Sports Wagering Facility License Renewal Application

to the Commission. Specifically, for renewal of the Sports Wagering Facility License, the licensee must prove that it remains qualified under SG § 9-1E-07(e) and COMAR 36.10.03.02 and not disqualified under SG § 9-1E-07(g)(1). A licensee seeking renewal of its facility license must provide all information to the Commission that is necessary for a qualification determination as to the licensee, its principals, and its principal entities.

The Applicant

The Agency conducted a suitability background license investigation of CBAC Borrower, LLC d/b/a Horseshoe Casino Baltimore (“CBAC” or “Applicant”) in connection with its application for renewal of its Sports Wagering Facility License. CBAC Borrower, LLC d/b/a Horseshoe Casino Baltimore was qualified for a Sports Wagering Facility License by the Commission on October 6, 2021. It began offering sports wagering at its facility on December 10, 2021 and its current 5-year license expires on December 09, 2026.

INVESTIGATION INTO APPLICANT

Background

CBAC Gaming, LLC was formed in 2012 as a consortium to develop and operate the Horseshoe Casino in Baltimore, Maryland (“Horseshoe Baltimore”). Ownership of the casino was subsequently transferred to a wholly-owned subsidiary, CBAC Borrower, LLC (the “Company”), but continues to trade as CBAC Gaming. CBAC stands for Caesars Baltimore Acquisition Company, and Borrower was formed as a special-purpose subsidiary and borrowing entity to finance the construction of the casino. The Company was incorporated in Delaware on March 18, 2013 and legal owner of Horseshoe Baltimore, located at 1525 Russell Street, Baltimore, Maryland. CBAC Borrower, LLC through a series of holding companies, is an indirect wholly-owned subsidiary of Caesars Entertainment, Inc. (“CEI”). Founded in 1973, CEI is a gaming and hospitality company that currently operates 52 domestic properties in 18 states that include 52,600 slot machines, 2,800 table games and 46,300 hotel rooms. CEI also operates sports wagering in 34 jurisdictions across North America, 27 of which offer online sports betting, and iGaming in five jurisdictions.

Horseshoe Baltimore opened on August 26, 2014 and includes a casino that currently offers over 2,200 slot machines and 150 table games, numerous dining options, several

entertainment venues and other amenities, but lacks its own hotel accommodations. Horseshoe Baltimore began its retail sportsbook operations on December 10, 2021 and the sports wagering facility is operated by American Wagering, Inc., which is also an indirect wholly-owned subsidiary of CEI. CBAC Borrower, LLC has submitted a Sports Wagering Facility License Renewal Application with the Commission.

Ownership of Applicant

CBAC Borrower, LLC's parent company, Caesars is publicly traded on the NASDAQ under the symbol "CZR". In its most recent Proxy Statement filed with the U.S. Securities and Exchange Commission ("SEC"), Caesars disclosed that as of April 1, 2026 it had 203,665,208 shares of common stock outstanding, and the following entities held beneficial ownership of 5% or more of its shares:

- BlackRock, Inc. – 25,200,577 shares owned (12.4%);
- The Vanguard Group, Inc. – 20,389,641 shares owned (10.0%);
- Capital World Investors – 15,548,985 shares owned (7.6%); and
- Cohen & Steers, Inc. – 13,640,237 shares owned (6.7%).

In a recent SEC filing, Cohen & Steers, Inc. disclosed that as of May 31, 2026 its holdings of Caesars stock fell below the 5% beneficial ownership threshold. BlackRock, Inc., The Vanguard Group, Inc. and Capital World Investors are institutional investors that have each previously been granted an Institutional Investor Waiver by the Commission.

Related Party Transactions

Caesar's Entertainment, Inc. maintains a centralized treasury function whereby cash is deposited to or borrowed from for CBAC to maintain its operations. As of December 31, 2025, the Company has no long-term debt. However, CBAC had significant payables to related parties of \$201.1 million. A large portion of this balance represents funds CEI used to pay an existing long-term loan for the Company subsequent to the acquisition of the remaining equity ownership in CBAC in July 2023. Payables to affiliates are considered current borrowings, due to no repayment terms, but the balance is expected to be paid down as the Company generates excess cash.

Discussion of Financial Performance

Agency staff performed a detailed analysis of CBAC Borrower, LLC's financial statements for the calendar years ending December 31, 2021 to 2025.

CBAC Borrower, LLC's operating performance over the review period was fair and declining, as the Applicant faced stiff competition and reduced foot traffic in the casino due to mobile apps. Revenue briefly peaked post-pandemic, however, has since contracted annually to \$193.1 million in 2025 from the high of \$231.2 million in 2022. Cost of revenue declined as well, but at a slower rate. However, gross profit margins were healthy and ranged from 37.3% to 43.7% over the period. Operating expenses increased at a faster pace, but operating losses were mostly driven by two major impairment charges. Interest expense has substantially been removed from \$14.5 million as of December 31, 2023, due to the elimination of its long-term debt. At which point, CEI acquired the remaining ownership interest in CBAC and permanently paid off the Company's existing high-interest loan. CBAC will continue to repay the \$201.1 million balance as excess cash is generated, but interest free. The Company has realized significant savings from this arrangement, and as of December 31, 2025, turned the tables and earned interest income of \$2.7 million from a loan made to Paramount Baltimore. The additional interest earned boosted the Company's net income, and CBAC turned a profit of \$1.9 million in calendar year 2025 after several years of losses.

The Company's financial condition remains relatively stable despite some weakening over the review period. CBAC has made progress in eliminating its long-term debt saving millions of dollars annually. Additionally, with the opening of Paramount Baltimore soon, the Company's revenues will grow as the casino should see more visitors. CBAC has consistently generated liquidity and cash flows from its operations, but has also had to rely somewhat on financing to meet its capital demands. The Company had available cash of \$14.2 million as of December 31, 2025, which appears sufficient to meet its financial obligations and working capital requirements in the ordinary course of business, at least in the near term. Also, the Company has a shared treasury arrangement with its parent that will make up any shortfalls in funding operations. CBAC's financial ratios and margins are generally poor, but should improve. The Company's auditors have not expressed any

concerns with its results of operations, financial condition or continuation as a going concern. There are no financial concerns with the re-licensure of CBAC Borrower, LLC as a Sports Wagering Facility Licensee.

FINDINGS

The Agency conducted a complete and thorough background investigation as authorized under the Sports Wagering Law of CBAC Borrower, LLC d/b/a Horseshoe Casino Baltimore 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 COMAR 36.10.06.03 because CBAC Borrower, LLC d/b/a Horseshoe Casino Baltimore applied for renewal of its Sports Wagering Facility Renewal 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 renewal of its Sports Wagering Facility License.

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

The Applicant has sufficient business and experience and is not disqualified from holding a Sports Wagering Facility License. The applicant has held a Sports Wagering License in Maryland since December 10, 2021.

5) Potential Disqualifying factors

The Applicant is not disqualified from holding a Sports Wagering Facility License based on any of the criteria listed in COMAR 36.10.03.02 and SG § 9-1E-07(g)(1). The Applicant is qualified for renewal of its 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, and are not disqualified under COMAR 36.10.03.02C and SG § 9-1E-07(g)(1).

CONCLUSION AND RECOMMENDATIONS

The Applicant has submitted a completed Sports Wagering Facility License Renewal Application; submitted to a background investigation; reimbursed the Commission for all costs associated with the background investigation; paid the required license renewal fee; and provided adequate proof of bond. 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 requirements and criteria in SG § 9-1E-07(e)(6), SG § 9-1E-06, and COMAR 36.10.03.06, and COMAR 36.10.03.02, we conclude that the Applicant has established by clear and convincing evidence the qualifications required for renewal of its Sports Wagering Facility License.

Staff recommends that the Commission find CBAC Borrower, LLC d/b/a Horseshoe Casino Baltimore, qualified for renewal of its Sports Wagering Facility 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 CBAC Borrower, LLC d/b/a Horseshoe Casino Baltimore has established, by clear and convincing evidence, its qualifications for renewal of its Sports Wagering Facility License for a 5-year term in accordance with § 9-1E-06, and COMAR 36.10.03.06;

2. Find that CBAC Borrower, LLC d/b/a Horseshoe Casino Baltimore's Sports Wagering Facility License be renewed because as provided in COMAR 36.10.03.06B, CBAC Borrower, LLC d/b/a Horseshoe Casino Baltimore has:
 - a. Established, by clear and convincing evidence, that the licensee meets applicable license qualification requirements;
 - b. Submitted to a background investigation as required by the Commission;
 - c. Reimbursed the Commission for all costs associated with the background investigation; and
 - d. Paid the required license renewal fee; and
3. Direct Staff to draft a Decision Statement on the qualification of CBAC Borrower, LLC d/b/a Horseshoe Casino Baltimore for renewal of its Sports Wagering Facility License and Order for the license renewal term to commence upon the expiration of its current license and to begin on December 10, 2026.