

Maryland Lottery and Gaming Control Agency

Larry Hogan, Governor • Gordon Medenica, Director



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TO: Maryland Lottery and Gaming Control Commission
Gordon Medenica, Director
Jim Nielsen, COO

FROM: John J. Mooney

DIVISION: Managing Director, Regulatory Oversight

DATE: June 12, 2018

SUBJECT: Report for the May Commission Meeting

Commission Action Item

Manufacturers Hearing – Cummins Illinois, Inc.

Commission Action Items – Consent Agenda

Violations:

MGM National Harbor – Regulatory Violations – January 2018
MGM National Harbor – Regulatory Violations – February 2018
MGM National Harbor – Underage Violations – Case Nos. 2018-06-050, -053, -058 and -075
Ocean Downs Casino – Underage Violation – Case No. 2018-02-008

Golden Entertainment, Inc. Increases Revolver Capacity Pursuant to Previously Approved Credit Agreement

On June 7, 2018, Golden Entertainment, Inc. (“Golden”), the parent company of Evitts Resort, LLC d/b/a Rocky Gap Casino Resort (“Evitts”), notified the Commission that it intended to exercise its right to increase its Revolving Credit Facility from \$100 million to \$140 million. The Revolving Credit Facility is part of the \$900 million First Lien Credit Agreement that Golden entered on October 20, 2017, with a syndicate of bank led by JP Morgan Chase Bank, N.A., as Administrative Agent and Collateral Agent. Golden used the proceeds of the First Lien Credit Agreement, together with the proceeds of a \$200 million Second Lien Credit Agreement entered that same day (collectively, the “Financing Transaction”), to pay the cash consideration for the acquisition of four casinos in Nevada, refinance its then existing debt, and, with respect to

the Revolving Credit Facility, for general corporate purposes (including future growth opportunities). On June 11, 2018, Golden effected the increase in the Revolving Credit Facility. There are currently no amounts outstanding under the Revolving Credit Facility, which remains available for general corporate purposes (including future growth opportunities).

During the September 28, 2017, meeting, the Commission approved the Financing Transaction, which included Golden's right to increase the capacity of the Revolving Credit Facility. As a result, no Commission action is required.

Gaming License Application Denials/Revocations:

There are thirty-nine (39) gaming license applications recommended for denial/revocation based on the applicant's criminal history or failure to cooperate with, or provide requested information to, a background investigator.

Commission Action:

It is requested that the Commission adopt as final the recommendation of the Director, or the Director's designee, for denial/revocation of the specified gaming license applications for the respective applicant's failure to establish his/her qualifications by clear and convincing evidence.

Please see the description below. A spreadsheet containing the denial/revocations is on the MLGCA shared drive under commission reports.

Note to Commissioners:

The spreadsheet on the MLGCA Shared Drive under Commission Reports (Mooney Confidential, licensing denial/revocations), contains names of thirty-nine (39) gaming license applicants for whom Staff has recommended denial/revocation of their applications for gaming license for failure to prove by clear and convincing evidence that they meet the statutory requirements for licensure. *See* State Gov't, Section 9-1A-14 (below). The license applications were recommended for denial/revocation after Licensing Division Staff conducted an investigation.

COMAR sets forth the applicant's rights if his/her gaming license application is recommended for denial/revocation. An applicant has a right to timely request a reconsideration meeting, and, if he or she is dissatisfied with the recommendation following the reconsideration meeting, the applicant may timely request a full hearing before the Commission. If the applicant fails to exercise these rights, the Commission may adopt as final the Director's recommendation to deny the license. Only the Commission, not Staff, is authorized to deny/voke a gaming

license, which is why these recommended denials/revocations are being presented to the Commission.

All of the applicants identified on the spreadsheet were mailed notification of the recommended denial/revocation, and of their right to timely request a reconsideration meeting with the Director of the Director's designee. The majority of the recommended denials/revocations are applicants who did not exercise that right. A smaller group of the recommended denials/revocations are applicants who received a reconsideration meeting and were notified of their right to timely request a full hearing before the Commission, but did not exercise that right.

Staff is requesting that the Commission adopt as final the Director's recommendation to deny/revoke the gaming license applications of the thirty-nine (39) applicants identified on the spreadsheet.

Located on the Agency's Shared Drive under Commission Files (June 2018) there are PDF files for your review. The PDF files contain documentation for each of the recommended denials, including: notice of recommended denial (which includes the basis for the recommendation and notice of right to request reconsideration meeting); documentation that Staff mailed the required notices; and relevant documents from the background investigation conducted by Staff that supports the recommended denial/revocation of the applicant's license application.

Licensing Division

- Monthly statistics have been updated and are included in your packet.

Casino Compliance Division

- Monthly statistics have been updated and are included in your packet.