



Lottery and Gaming Control Commission

1800 Washington Boulevard, Suite 330, Baltimore, MD 21230

OWNERSHIP and LEGAL ENTITY CHANGES

**PPE Casino Resorts Maryland, LLC
("PPE")**

COMMISSION PRESENTATION

OWNERSHIP and LEGAL ENTITY CHANGES
(PPE Casino Resorts Maryland, LLC)

EXECUTIVE SUMMARY

Introduction

On March 22, 2018, the Maryland Lottery and Gaming Control Agency (MLGCA) received written notification from Joseph Weinberg, Managing Member of PPECRM-LLC that PPECRM-LLC is requesting the Commission's approval to make the following ownership and legal entity changes:

1. The Cordishes and each of the children's trusts propose transferring their combined 88% interest in PPECRM-LLC to a newly formed limited liability company, to be called MDL Holdings, LLC. MDL Holdings will initially be owned exclusively by the Cordishes and the children's trusts in identical percentages as they currently own PPECRM-LLC.
2. Immediately after the proposed transfer to MDL Holdings is complete, the Cordishes and children's trusts desire to consolidate 80% of their interests in MDL Holdings into a second newly formed limited liability company, to be known as Pratt Street Management, LLC. Ownership of Pratt Street Management by the Cordishes and children's trusts will be in the same percentages as their ownership of MDL Holdings. Pratt Street Management will make a C Corporation Election for federal income tax purposes.

Upon completion of the transfers, the sole asset of MDL Holdings will be an 88% membership interest in PPE Casino Resorts Maryland Developer, and Pratt Street Management's sole asset will be an 80% membership interest in MDL Holdings. The indirect ownership interest in PPECRM-LLC by each of the Cordishes and the children's trust will not change, nor will there be any change to the management or control of PPECRM-LLC. Mr. Weinberg asserts that the purpose of the proposed changes will be solely for family management and tax purposes.

The Maryland Gaming Law requires that ownership changes and principal entity changes relating to a licensed entity be subject to a background investigation to ensure that it meets applicable qualification requirements and that those changes do not result in the licensed entity or any of its principals being disqualified.

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Summary and Results of Investigation

The MLGCA Licensing Division Staff performed inquiries and examined relevant documents in order to understand and confirm the substance of the proposed changes as presented by Mr. Weinberg. We obtained an adequate understanding of the proposed changes and confirmed the proposed changes as presented.

Furthermore, we obtained and reviewed copies of the relevant entities' Operating Agreement amendments. The investigation found no content in the proposed Operating Agreement addendums that would negatively affect PPECMR-LLC's status as being qualified for a Video Lottery Operation License nor Maryland Live Holdings, LLC and PPE Casino Resorts Maryland Developer, LLC from being qualified as principal entities in Maryland.

Licensing Division determined that MDL Holdings, LLC and Pratt Street Management, LLC would be considered principal gaming entities and as such would need to be qualified by the Commission. Both entities properly filed Principal Entity Disclosure Applications with the MLGCA. MLGCA Staff found no disqualifying information or factors that would preclude MDL Holdings and Pratt Street Management from being qualified as principal entities.

Findings

Based on our investigation, MLGCA staff has determined that the proposed Ownership and Legal Entity Changes meet and are consistent with the Gaming Law; therefore, staff recommends Commission approval of the proposed changes. Furthermore, MLGCA Staff recommends that MDL Holdings, LLC and Pratt Street Management, LLC be found qualified by the Commission as Principal Entities.