



Maryland

**Sports Wagering Application
Review Commission (SWARC)
Meeting
4/19/2023**

Taft/



SWARC Application Process

- On September 6, 2022, SWARC released its sports wagering license applications for the Class B and mobile sports wagering licenses.
- All applications were due to SWARC on October 21, 2022.
- By the application deadline, SWARC received a total of **27** applications –
 - **21** mobile sports wagering license applications
 - **6** Class B sports wagering facility license applications
- As applications were received, they were distributed to each SWARC Commissioner and SWARC’s consultants, Taft and Spectrum Gaming Group.
- To date, SWARC has awarded **14** mobile sports wagering licenses and **4** Class B sports wagering facility licenses.

MLGCC Qualification

- At its meeting on March 23, 2023, Maryland Lottery and Gaming Control Commission (“**MLGCC**”) found **one** Class B-2 sports wagering facility license applicant and **one** mobile sports wagering license applicant “qualified” to hold a sports wagering license.
- In making these findings, MLGCC determined that, by clear and convincing evidence, each Applicant established:
 - its financial stability, integrity, and responsibility;
 - integrity of its financial backers, investors, mortgagees, bondholders, and holders of other indebtedness that bear a relation to the application;
 - its good character, honesty, and integrity; and
 - its business ability and experience.

Applications for SWARC Consideration

- Today, SWARC will consider **2** applicants – **one** mobile sports wagering facility license applicant and **one** Class B-2 sports wagering facility license applicant.
- For consideration of each application today, we will proceed as follows:
 - SWARC’s consultants will present an overview of the Applicant;
 - SWARC Commissioners will be given an opportunity to ask questions of SWARC’s consultants concerning the Applicant; and
 - SWARC Commissioners will discuss and consider the application and, if inclined, take action concerning the application.

SWARC Evaluation Criteria

In considering **ALL** sports wagering applications, SWARC will consider each application based upon the following criteria:

1. Experience, business ability and track record that evidences the Applicant's, or the Applicant's identified sports wagering operator's, ability to establish and operate a successful sports wagering operation;
2. Demonstrated ability to comply with applicable sports wagering laws and regulations, including regulatory compliance in other jurisdictions and past cooperation with regulatory authorities;
3. Demonstrated culture of, and investments in, responsible gaming programs and an effective governance and compliance program;
4. Demonstrated financial stability, resources, integrity, and business ability and acumen and the Applicant's ability to compete in the Maryland sports wagering market;

SWARC Evaluation Criteria (Con't)

5. If an Applicant sought investors, evidence of the Applicant's serious, good-faith efforts to solicit and interview a reasonable number of minority and women investors and whether or not any of those investors have purchased an equity share in the Applicant;
6. The maximization of sports wagering revenues including projected proceeds to the State;
7. Ability to commence sports wagering operations within a reasonable period of time after the award of the sports wagering license;
8. The extent to which the proposed sports wagering operation preserves existing Maryland jobs or creates new Maryland jobs and the anticipated wages and benefits for new Maryland jobs that would be created;
9. Demonstrated willingness and commitment to make investments in Maryland;

SWARC Evaluation Criteria (Con't)

10. Whether the Applicant's proposed sports wagering business would appeal to a unique market;
11. Responsiveness of the Applicant to requests of SWARC and MLGCC;
12. Whether the award of the sports wagering license is in the public interest and is consistent with the purposes of the Sports Wagering Law; and
13. Any other criteria deemed by SWARC to be in the public interest and consistent with the Sports Wagering Law.

Additional SWARC Evaluation Criteria (Facility Licenses)

In addition to the above-described criteria, in considering the award of a sports wagering **facility** license, SWARC will also consider the following:

1. Whether the Applicant's proposed facility is located within an opportunity zone or an enterprise zone;
2. The extent to which the proposed facility encourages Maryland wagering participants to remain in Maryland when placing wagers; and
3. The extent to which the proposed facility will attract out-of-state visitors.

Public Interest Considerations

- If SWARC is inclined to award a sports wagering license to any of the Applicants considered today, then SWARC must determine and declare that the award of the license is in the ‘public interest.’
- In awarding sports wagering licenses previously, SWARC has found the award of the license to be in the public interest due to the following factors:
 - enhanced State fiscal resources for education (achieved through sports wagering tax revenue);
 - economic development and employment opportunities spurred by the sports wagering industry; and
 - the regulation of an otherwise unregulated illegal sports wagering market that lacks consumer protections, undermines the integrity of sports, and offers distasteful betting options that are contrary to public interest.

Public Interest Considerations (Con't)

- Additional public interest factors could include the following:
 - The license award provides opportunities for individuals who satisfy the personal net worth requirements under COMAR 36.11.02.19 to participate in the sports wagering industry;
 - Applicant agreed to submit to SWARC a diversity plan that will include strategies for obtaining a diverse group of owners, investors, employees, and contractors;
 - Wagers are protected by Applicant maintaining cash reserves and performance bonds; and
 - Applicant addresses problem gaming through self-exclusion programs and industry-standard responsible gaming tools.

Mobile Sports Wagering License Applicant

Veterans Services Corporation dba Vital Services Contractors, Inc.



- **Ownership**

- Privately-held Washington D.C. corporation organized on June 15, 2009
- Applicant is owned 100% by Mr. Emmanuel Bailey.
- Per a Consulting and Net Profit-Sharing Agreement, Applicant engages two consultants - each consultant will receive 2.5% of Applicant's net profits.

- **Compliance with Ownership Criteria**

- Sole owner of each of consultant has certified that he satisfies the personal net worth criteria provided in SWARC's regulations.

- **Nature of Ownership**

- Consultants hold a combined 5% profit sharing interest in Applicant.

Veterans Services Corporation dba Vital Services Contractors, Inc.

- **Experience**

- Applicant has been granted a gaming license by the District of Columbia Office of Lottery and Gaming.
- Applicant provides operational management of domestic government sponsored lottery gaming systems including traditional lottery products and sports wagering.
- Applicant has entered into an agreement with Bee Fee Limited, a U.K.-based remote gaming software company, to provide Applicant's mobile sports wagering platform and other services and support to Applicant's sports wagering operations.
- Prior to issuance of a sports wagering facility license, MLGCC must approve its sports wagering platform as well as Applicant's internal controls governing day-to-day operations.

- **Financial Information**

- Applicant's financial information is not publicly reported; however, SWARC Commissioners have access to such information in the application.

Sports Wagering Facility License Applicant

Taft/



Whitman Gaming, Inc.

- **Ownership**
 - Privately-held Maryland corporation organized on February 28, 2022
 - 100% owned by Mr. Carroll H. Hynson, Jr.
- **Compliance with Ownership Criteria**
 - Sole owner satisfies the personal net worth criteria provided in SWARC’s regulations
- **Nature of Ownership**
 - Common stock (voting)
- **Facility Location**
 - Sports wagering facility will be located within the sports bar known as “Sports & Social Bethesda” located at 11800 Grand Park Avenue, North Bethesda, MD.
 - Applicant does not own the facility but has entered into a sublease to lease space within Sports & Social Bethesda.
 - Sports wagering facility is not located within an opportunity zone or an enterprise zone.
 - Applicant advises that the sports wagering facility is permitted under local zoning laws.

Whitman Gaming, Inc. (Con't)

- **Experience**

- Applicant does not have prior experience operating a sportsbook, but an affiliate of Applicant has, since 2009, served as a licensed MBE contractor to Maryland casinos and lottery retailers.
- Applicant has entered into a Letter of Intent with PPE Casino Resorts Maryland, LLC d/b/a Live! Casino and Hotel Maryland (“**PPE**”) to operate its retail sportsbook.
- Per the Letter of Intent, PPE may subcontract any of these services to a third party and expects it will subcontract such services to Betfair Interactive US, LLC d/b/a FanDuel Sportsbook, which currently operates PPE’s retail sportsbook at Live! Casino and Hotel Maryland.

- **Financial Information**

- As a newly formed entity, Applicant has limited financial activity.
- Applicant’s owner and PPE have funded Applicant’s start up costs to date. It is expected that PPE (or, if PPE subcontracts with FanDuel, FanDuel) will fund Applicant’s build-out and start-up costs, betting reserves and day-to-day operating activities of the sportsbook.
- Applicant’s financial information is not publicly reported; however, SWARC Commissioners have access to such information in the application.

Next Steps

- SWARC Commissioners and SWARC's consultants are continuing to review the remaining **6** mobile sports wagering license applications and **1** Class B sports wagering facility license application.
- Additionally, MLGCC is continuing to review the qualifications of these remaining Applicants.
- As Applicants are qualified by MLGCC and reviewed by SWARC Commissioners and SWARC's consultants, they will be presented to SWARC for consideration.
- SWARC's next meeting is May 17, 2023.

Maryland Sports Wagering Revenues

(Thousands)

March 2023 - Fiscal Year To Date

RETAIL								
Licensee	Handle	Prizes Paid	Hold %	Promotion Play	Other Deductions	Taxable Win	Contributions to the State	Expired Prizes
Live! Casino	\$73,648.7	\$63,493.3	13.8%	\$79.9	\$302.4	\$9,978.9	\$1,496.8	\$524.9
MGM National Harbor	\$63,351.9	\$54,312.0	14.3%	\$0.0	\$158.4	\$8,881.5	\$1,332.2	\$419.3
Horseshoe Casino	\$30,721.4	\$26,547.6	13.6%	\$0.0	\$77.5	\$4,096.3	\$614.5	\$358.6
Ocean Downs Casino	\$13,446.9	\$11,562.4	14.0%	\$0.0	\$32.4	\$1,852.0	\$277.8	\$90.7
Hollywood Casino	\$15,951.2	\$14,325.3	10.2%	\$0.0	\$39.6	\$1,586.3	\$238.0	\$82.1
Bingo World	\$5,222.9	\$4,226.5	19.1%	\$0.0	\$13.0	\$983.5	\$147.5	\$3.1
Long Shot's	\$798.0	\$671.6	15.8%	\$0.0	\$2.0	\$124.3	\$18.6	\$0.0
Greenmount OTB	\$723.4	\$608.5	15.9%	\$0.0	\$1.8	\$113.1	\$17.0	\$0.0
Riverboat on the Potomac	\$633.1	\$550.1	13.1%	\$0.0	\$1.6	\$81.4	\$12.2	\$0.4
Maryland Stadium Sub	\$1,367.2	\$1,461.1	-6.9%	\$0.0	\$3.3	\$44.9	\$6.7	\$0.0
Combined	\$205,864.7	\$177,758.3	13.7%	\$79.9	\$631.8	\$27,742.3	\$4,161.3	\$1,479.2

MOBILE								
Licensee	Handle	Prizes Paid	Hold %	Promotion Play	Other Deductions	Taxable Win	Contributions to the State	Expired Prizes
Live! Casino (M)	\$869,236.1	\$730,897.6	15.9%	\$90,755.0	\$1,946.2	\$45,637.2	\$6,845.6	\$0.0
Draft Kings	\$575,411.2	\$500,276.4	115.9%	\$63,346.5	\$1,280.2	\$11,065.0	\$1,659.8	\$0.0
BetMGM	\$169,297.6	\$145,627.0	215.9%	\$20,127.6	\$371.7	\$3,171.4	\$475.7	\$0.0
Caesars	\$75,549.0	\$68,739.3	315.9%	\$3,931.4	\$188.3	\$2,690.0	\$403.5	\$0.0
Hollywood Casino (M)	\$55,049.0	\$50,122.5	415.9%	\$2,875.4	\$137.6	\$1,913.6	\$287.0	\$0.0
Riverboat on the Potomac (M)	\$22,456.8	\$20,150.5	515.9%	\$1,880.8	\$51.4	\$322.0	\$48.3	\$0.0
Bingo World (M)	\$13,840.8	\$12,965.4	615.9%	\$673.2	\$34.6	\$167.6	\$25.1	\$0.0
Long Shot's (M)	\$1,541.6	\$1,348.6	715.9%	\$177.1	\$3.9	\$12.1	\$1.8	\$0.0
Combined	\$1,782,382.1	\$1,530,127.1	14.2%	\$183,767.0	\$4,013.9	\$64,979.0	\$9,746.8	\$0.0

COMBINED STATEWIDE TOTALS								
Mobile and Retail	\$1,988,246.8	\$1,707,885.4	14.1%	\$183,846.8	\$4,645.7	\$92,721.3	\$13,908.2	\$1,479.2

(Totals may not add due to rounding.)

Maryland Sports Wagering Fiscal Year To Date Gross Gaming Revenue

(Thousands)

	Year 1	Year 2	Year 3	Year 4	Year 5
Estimated Mobile Gross Gaming Revenues (GGR) (1)	\$123,300.0	\$369,800.0	\$493,100.0	\$517,800.0	\$542,400.0
	GGR	Tax Receipts			
Mobile From Nov 23, 2022 to Mar 31, 2023	\$64,979.0	\$9,746.8			
Retail From Jul 1, 2022 to Mar 31, 2023	\$27,742.3	\$4,161.3			
Combined FY To Date	\$92,721.3	\$13,908.2			

(1) Eilers & Krejcik Gaming's U.S. Sports Betting and Online Casino Outlook dated May 2022 projection of gross gaming revenues (GGR) from mobile sports wagering in Maryland.