



Maryland

**Sports Wagering Application
Review Commission (SWARC)
Meeting
2/15/2023**

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.
- At its meeting on November 16, 2022, SWARC awarded 10 mobile sports wagering licenses.
- At its meeting on December 14, 2022, SWARC awarded one Class B-2 sports wagering facility license and two mobile sports wagering licenses.

MLGCC Qualification

- On January 26, 2023, Maryland Lottery and Gaming Control Commission (“**MLGCC**”) found **three** Class B-2 sports wagering facility license applicants and **two** mobile sports wagering license applicants “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 **5** applicants – **two** mobile sports wagering facility license applicants and **three** Class B-2 sports wagering facility license applicants, two of which are being filed by the same applicant but for different locations.
- 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 Applicants

(presented in alphabetical order)

Crab Sports Inc. dba Crab Sports



- **Ownership**

- Privately-held Delaware corporation organized on October 22, 2021
- Applicant has authorized two classes of stock – Common and Convertible Preferred Stock. Both classes of stock are entitled to vote on matters presented to a vote of the shareholders.
- 100% of the Common Stock (representing ~ 67% of the total outstanding stock) is owned by shareholders who will manage sports wagering operations.

- **Compliance with Ownership Criteria**

- One individual shareholder has certified that he satisfies the personal net worth criteria provided in SWARC's regulations.

- **Nature of Ownership**

- This shareholder owns common stock representing 24.5% of the outstanding stock of Applicant.

Crab Sports Inc. dba Crab Sports (Con't)

- **Experience**

- Applicant is a new, start-up venture focused solely on the Maryland market whose primary objective is to create a “locals” sports betting app.
- Two of the principal investors also serve as strategic advisors and come with many years of experience in online gaming in the mature and ultra competitive U.K. market.
- Crab Sports will focus on engaging local Maryland businesses to build market share through performance driven partnerships ensuring that all proceeds from sports wagering activities stay within the local community.
- Prior to issuance of a sports wagering facility license, MLGCC must approve its sports wagering platform as well as its internal controls governing day-to-day operations.

- **Financial Information**

- As a start up entity, Applicant has limited financial activity; Applicant appears to have sufficient funds to satisfy initial costs and betting reserves.
- Crab Sports’ financial information is not publicly reported; however, SWARC Commissioners have access to such information in the application.

SBOpco, LLC dba SuperBook



- **Ownership**
 - Privately-held Nevada limited liability company formed on January 6, 2020
 - Applicant has authorized three classes of membership units – Class A (voting), Class B (non-voting) and Class C (non-voting) Membership Units.
 - 100% of the Class A Membership Units are owned by two individuals who serve as managers of Applicant.
- **Compliance with Ownership Criteria**
 - Three individual owners have certified that they satisfy the personal net worth criteria provided in SWARC’s regulations.
- **Nature of Ownership**
 - These three owners own approximately 17.5% of the outstanding Class B Membership Units (or 11.54% of the total outstanding Membership Units) of Applicant.

SBOpco, LLC dba SuperBook (Con't)

- **Experience**

- The Westgate Las Vegas Resort & Casino is the inaugural and long-standing home of the original “SuperBook” – one of the oldest and largest retail sportsbooks in Las Vegas. SuperBook has been operating in Nevada since 1986.
- Through a licensing agreement, Applicant operates under the SuperBook name and is responsible for the nationwide expansion of Westgate’s SuperBook.
- SuperBook currently operates retail sportsbooks in two states and mobile sports wagering in 6 states, with expectations to launch sports wagering in 15+ states in the near future.
- SuperBook is the official sponsor of the Baltimore Orioles. Applicant will bring the first-ever sports betting lounge to Oriole Park at Camden Yards.

- **Financial Information**

- Like most sportsbook operators, Applicant has experienced losses as it expands its presence across the U.S. Applicant, however, appears to have financial resources and borrowing capacity available, if needed.
- SuperBook’s financial information is not publicly reported; however, SWARC Commissioners have access to such information in the application.

Sports Wagering Facility License Applicants

(presented in alphabetical order)

Canton Gaming, LLC dba Finest Flag Gaming (Two Locations)



- **Ownership**
 - Privately-held Maryland limited liability company formed on September 6, 2022
 - Upon an award by SWARC of a sports wagering facility license, Applicant will be owned by four individuals, each owning limited liability company membership interests in Applicant.
- **Compliance with Ownership Criteria**
 - Three owners have certified that they satisfy the personal net worth criteria provided in SWARC's regulations.
- **Nature of Ownership**
 - These three owners will own 7% of the outstanding membership interests of Applicant.

Canton Gaming, LLC dba Finest Flag Gaming (Con't)

- **Experience**

- Applicant does not have prior experience operating a sportsbook.
- Applicant has entered into an agreement with Maryland-licensed, betPARX, to support its retail sports betting systems, train its personnel in sports wagering operations, and provide ancillary services related to the operation of its sportsbook. betPARX and its affiliates conduct sports wagering operations in 5 U.S. states (including Maryland).
- Applicant will operate its sportsbook under the “betPARX” brand.
- Applicant will be responsible for the day-to-day operations of accepting and paying out all wagers.
- Prior to issuance of a sports wagering facility license, MLGCC must approve its internal controls governing day-to-day operations.

- **Financial Information**

- As a newly formed entity, Applicant has limited financial activity. Applicant’s majority owner and its restaurant partner will fund costs to build out the facility, obtain sports wagering equipment and pay other startup costs.
- Operating costs will be borne by Applicant, with its partner, betPARX, taking on some specific liabilities.
- Canton Gaming’s financial information is not publicly reported; however, SWARC Commissioners have access to such information in the application.

Canton Gaming, LLC dba Finest Flag Gaming (First Location - Canton)

- **Facility Location**

- Sports wagering facility will be located within the “new” Greene Turtle Sports Bar and Grille being constructed at The Shops at Canton Crossing located at 3803 Boston Street, Baltimore, MD.
- The Greene Turtle franchise is a well-known Maryland-based brand. The Greene Turtle is the largest operator of sports bars in the state, with 23 locations in Maryland and another 11 locations located across six other states.
- Sports wagering facility is located within an opportunity zone and enterprise zone.
- Applicant reports that its proposed uses for the facility are permitted by right under relevant zoning laws and ordinances.

- **Facility Description**

- Applicant does not own the facility.
- Applicant has a letter of intent with lessee of the facility to sublease space within the facility to place gaming kiosks, terminals and teller windows and to conduct sports wagering operations.
- Applicant has provided plans depicting the placement of sports wagering operations within the facility’s floor plan.

Canton Gaming, LLC dba Finest Flag Gaming (Second Location - Towson)

- **Facility Location**

- Sports wagering facility will be located within the “new” Greene Turtle Sports Bar and Grille being constructed at 319 York Road, Towson, MD.
- The Greene Turtle franchise is a well-known Maryland-based brand. The Greene Turtle is the largest operator of sports bars in the state, with 23 locations in Maryland and another 11 locations located across six other states.
- Sports wagering facility is not located within an opportunity zone or enterprise zone.
- Applicant reports that its proposed uses for the facility are permitted by right under relevant zoning laws and ordinances.

- **Facility Description**

- Applicant does not own the facility.
- Applicant has a letter of intent to sublease space within the facility to place gaming kiosks, terminals and teller windows and to conduct sports wagering operations.
- Applicant has provided plans depicting the placement of sports wagering operations within the facility’s floor plan.

Kathe P Hospitality Services, Inc. dba Michael's on the South River



- **Ownership**
 - Privately-held Maryland corporation formed on September 10, 2009
 - Applicant is owned by three individuals, each owning shares of common stock
- **Compliance with Ownership Criteria**
 - Two shareholders have certified that they satisfy the personal net worth criteria provided in SWARC's regulations.
- **Nature of Ownership**
 - These two shareholders own 5% of Applicant (2.5% each).
- **Experience**
 - Applicant's majority shareholder has restaurant operations experience.
 - Applicant does not have experience operating a sportsbook; however, Applicant is actively working to secure an operating partner to provide its sports betting platform and advisory services including appropriate training.
 - Prior to issuance of a sports wagering facility license, MLGCC must approve its sports wagering operating partner as well as its internal controls governing day-to-day operations.

Kathe P Hospitality Services, Inc. dba Michael's on the South River (Con't)

- **Facility Location**

- Sports wagering facility will be located at 3027 Old Riva Road, Riva, MD, adjacent to Mike's Restaurant and Crabhouse.
- A change to the zoning law governing this property is required. Applicant advises that a zoning amendment is being introduced and expects it will be supported.
- Sports wagering facility is not located within an opportunity zone or enterprise zone.

- **Facility Description**

- Facility is currently utilized as a catering and event center.
- Applicant desires to move its catering and event business to the neighboring restaurant and convert the event space into a sports bar and restaurant offering retail sports wagering.
- Facility is leased (not owned) by Applicant.

- **Financial Information**

- All renovation, build out, and operational costs of the facility (including sports wagering operations) will be borne by Applicant.
- Applicant's financial information is not publicly reported; however, SWARC Commissioners have access to such information in the application.

Awardee Diversity Plans

Bally's Interactive Maryland, LLC
Long Shot's Hagerstown, LLC
WSI US, LLC d/b/a WynnBet

Next Steps

- SWARC Commissioners and SWARC's consultants are continuing to review the remaining **7** mobile sports wagering license applications and **2** Class B sports wagering facility license applications.
- 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 March 15, 2023.