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# **Lottery and Gaming Control Commission**

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1800 Washington Boulevard, Suite 330, Baltimore, MD 21230

**In Re the Application of  
Crown MD Online Gaming LLC  
d/b/a Draftkings**

**MOBILE SPORTS WAGERING  
LICENSE APPLICANT**

**License Applicant Number SW-2022-08**

**Report Date: October 10, 2022**

**EXECUTIVE SUMMARY  
OF BACKGROUND INVESTIGATION**

**“Commission Presentation”**

## **INTRODUCTION**

### **Role of the Maryland Lottery and Gaming Control Commission (“Commission”)**

The Commission is required to determine whether sports wagering applicants have proven, by clear and convincing evidence, that they meet the qualifications for licensure under the Sports Wagering Law. 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. The Commission cannot issue a license unless it determines that the applicant is qualified.

The Licensing Division of the Maryland Lottery and Gaming Control Agency (“Agency”) conducts the required background investigation of an applicant’s qualifications. A report of the background investigation is provided to the Commission to assist it in determining whether the applicant described in this Report has proven that it is qualified.

The Executive Summary that will be presented 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. If the applicant is found qualified, the decision statement of the Commission will be forwarded to the Sports Wagering Application Review Commission for it to determine whether to award a license.

## **Process**

As a prerequisite to being eligible for a Mobile Sports Wagering License, an applicant must submit a Mobile Sports Wagering License Application to the Commission. The applicant must prove to the Commission, by clear and convincing evidence, that it meets the qualification criteria set forth in the Annotated Code of Maryland, State Gov’t Article (“SG”), § 9-1E and the Commission’s sports wagering regulations in Code of Maryland Regulations (“COMAR”) 36.10 (collectively, “the Sports Wagering Law”). The Sports Wagering Law also includes and incorporates applicable licensing requirements in SG § 9-1A, and COMAR 36.03 (collectively, “the Gaming Law”), which establishes requirements for all casino-related licenses.

Specifically, the applicant must prove that it is qualified under SG § 9-1E-07(e) and COMAR 36.10.03.02 and 36.10.05 and not disqualified under SG § 9-1E-07(g)(1). An applicant must provide all information to the Commission that is necessary for a qualification determination as to the applicant, its principals, and its principal entities.

## **The Applicant**

The Agency (“MLGCA,” “we” or “our”), conducted a suitability background license investigation of Crown MD Online Gaming LLC (“DraftKings”) in connection with its application for a Mobile Sports Wagering License.

## **Introduction**

Crown MD Online Gaming LLC (“DraftKings”) and Crown MD Gaming LLC are Delaware limited liability companies and wholly-owned subsidiaries of

DraftKings, Inc. On August 25, 2022, Crown MD Gaming LLC was found qualified and issued a Sports Wagering Facility Operator License by the Commission after undergoing a full background investigation by the Agency. Crown MD Online Gaming LLC, which was formed on September 28, 2022, has applied for a Mobile Sports Wagering License.

## **Alternative Licensing**

### **Application of Alternative Licensing Standards**

The Sports Wagering Law authorizes the Commission to establish an abbreviated process for qualifying and licensing an applicant that holds a valid license in this State or another state, if the Commission determines that the licensing standards of the issuing agency in the other state are comprehensive and thorough, and provide similar safeguards to those in the Sports Wagering Law. SG 9-1E-05(c). Staff has identified several states with acceptable sports wagering license standards: Arkansas, Colorado, Illinois, Kansas, Louisiana, Massachusetts, Michigan, Mississippi, Missouri, Nevada, New Jersey, New York, Pennsylvania, Rhode Island, Virginia and Wisconsin.

Because Maryland's qualification standards for other sports wagering-related licenses are identical to and are a part of the Sports Wagering Law, they are therefore, clearly sufficient for qualifying an applicant for a different sports wagering license on that basis.

### **Alternative Licensing Process**

An applicant for a sports wagering-related license may submit a written request for the Commission to find it qualified for a Maryland license under the

alternative licensing process permitted under SG § 9-1E-05(c) and described in COMAR 36.10.02.12. If the request is granted, the applicant may be qualified for a license before the Agency conducts a full background investigation.

The Commission may only apply the alternative licensing process:

1. If an applicant holds a current, valid Maryland sports wagering-related license issued by this Commission. That alone is a sufficient basis upon which Staff may grant a request to apply alternative licensing standards to satisfy qualification requirements. Maryland's qualification standards for all sports wagering-related licenses are identical, so they are clearly sufficient for qualifying an applicant for a mobile sports wagering license on that basis.
2. If an applicant holds a current, valid Maryland casino-related license issued by this Commission. That alone is a sufficient basis upon which Staff may grant a request to apply alternative licensing standards to satisfy qualification requirements. Maryland's qualification standards for casino-related licenses are identical to, and specifically incorporated in, the Sports Wagering Law, so they are clearly sufficient for qualifying an applicant for a sports wagering license on that basis; or
3. If an applicant does not hold a current, valid Maryland casino-related license, but the applicant has a current, valid license in at least 3 of the 16 Commission-approved states that have licensing standards which are comprehensive and thorough, and provide similar and adequate safeguards to those in the Sports Wagering Law.

An applicant that submits a request for the application of alternative licensing standards specifically acknowledges that a full background investigation

will be conducted, and that if Staff ever determines that the Applicant or licensee, if licensed, does not meet a Commission standard, the Commission may take enforcement action, up to and including revocation of the license. These acknowledgements are memorialized in the Affidavit in Support of Applicant’s Request to Apply Alternative Licensing Standards in Support of an Application for a Sports Wagering License (“Affidavit”) the Applicant has submitted.

The Commission’s decision to abbreviate an applicant’s licensing process on this basis is discretionary. The Commission may exercise its discretion to deny the request, place conditions on the license, or take any other necessary action to protect the State’s interests.

#### **INVESTIGATION INTO APPLICANT**

##### **Regulatory History of Applicant**

Crown MD Gaming LLC is a provider of sports betting and gaming technologies and was qualified by the Commission after undergoing a full background investigation by the Agency. On August 25, 2022, it was issued a Maryland Sports Wagering Facility Operator License. Crown MD Online Gaming LLC was specifically created to apply for a Mobile Sports Wagering License and Online Sports Wagering Operator License in Maryland. These companies’ parent company, DraftKings, Inc., is licensed in 17 countries and 18 U.S. States. Staff is not aware of any unresolved issues that negatively impact the Applicant’s qualifications and the Agency has otherwise found no derogatory information regarding Crown MD Online Gaming LLC or its parent company that would disqualify it from holding a Mobile Sports Wagering License.

## **Ownership of Company and Applicant**

DraftKings, Inc. is publicly traded on the NASDAQ under the symbol “DKNG”. In its Proxy Statement (Schedule 14A) filed with the United States Securities and Exchange Commission on February 28, 2022, the Company disclosed that it had approximately 409.6 million shares of common stock outstanding. The following entities held beneficial ownership of more than 5% of the Company’s common stock as of February 28, 2022:

- The Vanguard Group – 26,338,845 shares (6.4%); and
- ARK Investment Management, LLC – 20,996,534 shares (5.1%).

Both of these entities are institutional investors that have previously been granted institutional investor waivers by the Agency.

## **Principal Qualifiers**

The following individuals have been identified as principals of the Applicant and are the same individuals identified by Crown MD Gaming LLC when it sought qualification for a Sports Wagering Facility Operator License. Each have submitted the required Principal Employee License Application to the Commission and have no additions or changes to that application since its original filing; they are currently in the licensing process:

- Valerie Ann Mosley – Board of Director & Member of Audit Committee
- Steven Joseph Murray – Board of Director
- Ryan Robert Moore – Board of Director
- Jocelyn Marie Moore – Board of Director
- Marni Marie Walden – Independent Director
- Matthew Phillip Kalish – President, DraftKings North America

- Jason Daniel Robins – CEO & Chairman of the Board
- Erik Scott Bradbury – Chief Accounting Officer
- Jason Kyun Park – Chief Financial Officer
- Paul Liberman – President, Global Product & Technology

### **Licensing Inquiry**

Crown MD Online Gaming LLC submitted a Request for Application of Alternative Licensing Standards in support of its request for a Mobile Sports Wagering License. Crown MD Gaming LLC, which is owned by the same parent company as the Applicant, was recently qualified by the Commission as a Sports Wagering Facility Operator after the Agency conducted a full investigation. Crown MD Gaming LLC's qualification was based on the provisions in the Sports Wagering Law by clear and convincing evidence. Subsequent to qualification, Crown MD Gaming LLC was issued a Sports Wagering Facility Operator License on August 25, 2022.

### **CONCLUSION AND RECOMMENDATIONS**

Along with the Request for Application of Alternative Licensing Standards and Affidavit, the Applicant has submitted: a completed Mobile Sports Wagering License Application, an affidavit attesting to the minority- and women-owned interests of the Applicant, adequate proof of bond, and all required fees. Staff is not aware of information that would indicate Crown MD Online Gaming LLC fails to meet the Commission's qualification requirements.

Staff recommends that the Commission find Crown MD Online Gaming LLC qualified for a Mobile Sports Wagering License based on the Commission's recent qualification and issuance of Sports Wagering Facility Operator License to



Crown MD Gaming LLC, and based on application of the alternative licensing standards provisions in the Sports Wagering Law by clear and convincing evidence.

Staff recommends that the Commission entertains motions to:

1. Find that Crown MD Online Gaming LLC has established by application of alternative licensing standards that it is qualified for a Mobile Sports Wagering License by clear and convincing evidence; and
2. Delegate to Staff the authority to draft the Commission’s decision statement on the qualification of Crown MD Online Gaming LLC; and
3. Direct the Secretary of the Commission to transmit the decision statement to the Sports Wagering Application Review Commission.