

**DECISION OF THE MARYLAND LOTTERY AND  
GAMING CONTROL COMMISSION**

**Application for a Mobile Sports Wagering License  
Betr MD, LLC  
License Applicant No. 2022-SW-57**

**Qualification Hearing before  
the Maryland Lottery and Gaming Control Commission  
May 23, 2024**

On May 23, 2024, the Maryland Lottery and Gaming Control Commission (“Commission”) held a meeting during which it conducted a hearing to determine whether Betr MD, LLC (“Applicant”) is qualified for a mobile sports wagering license under Maryland’s Sports Wagering Law.

**FINDINGS OF FACT**

**Background Process**

1. Sports wagering in Maryland is governed by the Sports Wagering Law, found in State Government Article (“SG”), Title 9, Subtitle 1E, Annotated Code of Maryland, and the regulations of the Commission, found in the Code of Maryland Regulations (“COMAR”) 36.10. The Sports Wagering Law also incorporates the Gaming Law, which governs casino operations in Maryland, found in SG, Title 9, Subtitle 1A, and COMAR 36.03.

2. The Commission is authorized to issue licenses necessary for sports wagering in the State, one of which is a mobile sports wagering license. Unless a person holds a valid mobile sports wagering license issued by the Commission, the person may not conduct, offer, or operate mobile sports wagering in the State.

3. An applicant for a sports wagering-related license must submit an application to the Commission. Before it can be issued a mobile sports wagering license, an applicant must meet all applicable qualification requirements in the Sports Wagering Law, and prove to the Commission, by clear and convincing evidence, that it is qualified under SG § 9-1E-07(e) and COMAR

36.10.03.02, and COMAR 36.10.05, and not disqualified under SG § 9-1E-07(g)(1). The Commission is required to deny the license application of an applicant that does not meet qualification requirements.

4. An applicant must submit to the Commission all information that is necessary for the Commission to determine its qualifications, and those of its principals, its principal entities, and any other necessary qualifiers.

5. Betr MD, LLC submitted a Mobile Sports Wagering License Application to the Commission and the Maryland Lottery and Gaming Control Agency (“MLGCA”) conducted an investigation to determine whether the Applicant is qualified for a Mobile Sports Wagering License.

#### **Qualification Hearing – May 23, 2024**

6. Staff of the MLGCA’s Licensing Division provided the Applicant with written notice of the hearing. Ashwin Krishnan, Head of Legal & Business Affairs; Alex Ursa, Head of Gaming; Robert Warren, Compliance Lead; and Adrian Figueroa, Head of Finance were present virtually on behalf of the Applicant. In advance of the meeting, John J. Mooney, MLGCA’s Managing Director of Regulatory Oversight, provided the Commission the confidential full investigative report on Betr MD, LLC. Mr. Mooney made publicly available Staff’s executive summary of the background investigation, and Staff’s recommendations.

#### **Applicant’s Background**

7. Betr MD, LLC was formed in Delaware on October 20, 2022, and is located in Miami, Florida. The Applicant was formed to hold the mobile and online sports wagering operator licenses in Maryland.

8. Betr MD, LLC is a wholly-owned subsidiary of Betr Holdings, Inc. (“Betr Holdings”). Betr Holdings’ sports wagering system offers pre-event betting as well as micro-

betting. Betr Holdings also offers risk management services, a player account management platform and responsible gaming tools.

### **Ownership of Applicant**

9. Betr MD, LLC is a wholly-owned subsidiary of Betr Holdings, Inc (“Betr Holdings”), which was incorporated in Delaware on August 4, 2022. Betr Holdings was formerly known as Instabet, Inc., which was incorporated in Delaware on August 6, 2021.

10. Betr Holdings is privately owned and has stocks consisting of Class A and Class B common shares and three classes of preferred shares. As of May 5, 2023, Betr Holdings had 23,849,746 shares issued and outstanding in the aggregate. The following individuals and entity held 5% or greater ownership interest in Betr Holdings’ shares:

- Mr. Joey Levy – 3,256,934 Shares Held – (13.7%)
- Mr. Jake Paul – 3,250,000 Shares Held – (13.6%); and
- SimpleBet, Inc. – 2,516,692 Shares Held – (10.6%).

11. Betr MD’s operating agreement grants a profit interest of 5% to Bet on Games Holdings, LLC (“BOGH”). To receive the profit interest, Dennis Cotto, majority owner of BOGH must provide consulting services to the Applicant to manage regulatory, financial and marketing issues on an ongoing basis.

### **Licensing Inquiry**

12. Betr MD, LLC has submitted a Mobile Sports Wagering License Application to the Commission.

13. Betr Holdings is currently licensed by state gaming regulatory authorities in Indiana, Ohio and Virginia. BOGH is licensed as an online sports wagering operator in Virginia.

14. Betr Holdings has two technology license agreements with SimpleBet, Inc. that the Applicant’s profits will support.

15. Betr Holdings, SimpleBet, Inc., and BOGH have each filed a Sports Wagering Principal Entity Disclosure Form with the Commission.

16. Jake Paul, Joey Levy, Jessica Cotto, and Dennis Cotto each submitted, a Principal Employee License Application and have been issued a principal license or temporary principal employee license by the Commission.

### **Discussion of Financial Performance**

17. Betr MD's results of operations and financial condition were consolidated with its parent company Betr Holdings, for financial reporting purposes. Both Applicant and Betr Holdings were only recently formed and have no financial activity prior to calendar year 2021. MLGCA performed a detailed analysis of Betr Holdings' (formerly known as Instabet, Inc.) unaudited financial statements for calendar years 2021 to 2023 by reviewing the following:

- Revenue and Cost of Revenue;
- Operating Expenses and Operating Loss;
- Other Income and Expense and Net Income;
- Assets, Liabilities, and Shareholder Equity;
- Liquidity and Cash Flow;
- Trend Analysis and Comparative Performance:
  - Current Ratio and Quick Ratio;
  - Operating Profit Margin and Net Profit Margin;
  - Return on Equity and Return on Assets; and
  - Debt to Equity Ratio and Debt Ratio;
- Dunn & Bradstreet;
- Tax Returns; and
- Litigation.

18. Betr Holdings' overall operating performance during its brief history has been poor as it incurred significant operating costs during its start-up phase while generating limited revenue. Betr Holdings' reports showed a limited revenue of \$11,300 in calendar years 2021

and 2022, an increase to \$23.3 million in 2023, but it still saw a net loss of \$32.0 million in 2023.

19. Betr Holdings' management expects losses to be reduced in calendar year 2024 and anticipates attaining profitability in 2025. It has successfully attracted investors to fund its initial operations.

20. Betr Holdings has substantial cash reserves of \$34.8 million as of December 31, 2023, which appears sufficient to fund its operations for the foreseeable future

21. Betr Holdings' financial ratios and margins are comparable to those of its competitors and its credit reports did not contain any derogatory information.

22. There are no overwhelming factors that would lead to the conclusion that Betr MD is unsuitable for licensure as a Mobile Sports Wagering Licensee; however, review of its operating performance and financial condition should occur annually.

### **Results of Background Investigation**

23. MLGCA conducted a complete and thorough background investigation as authorized under the Sports Wagering Law by analyzing corporate records and documents; scrutinizing the business operations, practices, and transactions of Betr MD and its parent company Betr Holdings; and conducting interviews of key personnel, focusing on required qualification criteria involving integrity and financial stability.

24. MLGCA adhered to well-defined and approved investigative protocols in assembling the factual information incorporated in the MLGCA's report. The results of the investigation for the specific qualification criteria enunciated in SG§ 9-1E-07(e)(6) and COMAR 36.10.03.02 and 36.10.06.02 and that Betr MD is qualified under SG § 9-1E-07(e), and not disqualified under SG § 9-1E-07(g)(1), are summarized:

#### **a) Financial Stability, Integrity and Responsibility**

A comprehensive review was conducted of all of the consolidated financial statements. The Applicant satisfies the standards for financial stability, integrity and responsibility in connection with the Mobile Sports Wagering License Application.

**b) Integrity of financial backers, investors, mortgages, bondholders, and other holders of indebtedness**

Based on MLGCA review, there are no material issues involving the known financial backers of the Applicant.

**c) Good character, honesty, and integrity**

MLGCA found that the Applicant possesses the requisite good character, honesty and integrity. No significant issues surfaced concerning the qualifications of the Applicant or its individual qualifiers. There were no material issues discovered pertaining to the Applicant's record of regulatory compliance or litigation matters.

**d) Sufficient business ability and experience**

Betr MD's results of operational and financial condition are consolidated with its parent company, Betr Holdings. While Betr Holdings is a newcomer to the wagering industry, its principal employees have significant relevant sports betting experience. Betr Holdings has received conditional approval from the Ohio Casino Control Commission, the Massachusetts Gaming Commission, and the Virginia Lottery. The Applicant clearly possesses the requisite business ability and experience.

**e) Potential disqualifying factors**

The Applicant is not disqualified from being issued a Mobile Sports Wagering License under SG § 9-1E-07(g)(1) based on any of the criteria listed in COMAR 36.10.03.02.C. The Applicant is qualified to be issued a license by the Commission.

### **Applicant and Principal Entities**

25. The Applicant and its principal entities satisfy the applicable qualification criteria under SG § 9-1E-07(e)(6) and COMAR 36.10.03.02 and 36.10.05, and are not disqualified under COMAR 36.10.03.02.C and SG § 9-1E-07(g)(1).

### **Mobile Sports Wagering License Application**

26. The Applicant submitted a completed Mobile Sports Wagering License Application; an affidavit attesting to the minority and women-owned interests of the applicant; all required fees; and proof of adequate bond.

27. MLGCA Staff is not aware of information that would indicate Betr MD, LLC fails to meet the Commission's qualification requirements.

28. MLGCA Staff recommends that the Commission determine the Applicant has established that it is qualified, by clear and convincing evidence, for a Mobile Sports Wagering License.

### **CONCLUSIONS OF LAW**

1. The Applicant has established by clear and convincing evidence that it is qualified for, and is not disqualified from, a Mobile Sports Wagering License.

2. The Applicant remains under an ongoing obligation to comply with all qualification requirements and to notify the Commission if any of the information submitted to the Commission or MLGCA changes.

3. If MLGCA Staff 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.

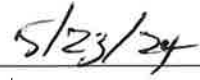
4. The Secretary of the Commission will transmit this decision statement to the Sports Wagering Application Review Commission.

**REVIEW RIGHTS**

A party aggrieved by this final administrative Decision may file a petition for judicial review with the circuit court for the county where any party resides or has a principal place of business within thirty days of the date of this Decision. SG § 10-222; Maryland Rules 7-201 – 7-211.



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E. Randolph Marriner, Chair



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Date