

MARYLAND LOTTERY AND GAMING CONTROL COMMISSION FEBRUARY MINUTES

DATE: February 27, 2025

TIME: 10:00 a.m.

PLACE: In-Person and Virtual

PRESENT: Chair Everett D. Browning, Sr.
Commissioner Ade Adebisi
Commissioner Diane Croghan
Commissioner George Doetsch
Commissioner Harold Hodges
Commissioner James Stakem

John Martin, Director
James Nielsen, Deputy Director, Chief Operating Officer
Craig Lindsey, Managing Director, Administration
Michael Eaton, Managing Director, Gaming
John Mooney, Managing Director, Regulatory Oversight
Solomon Ramsey, Managing Director, Sales and Marketing
Paula Yocum, Managing Director, Chief Financial Officer
Seth Elkin, Managing Director, Communications
Holly Citko, Principal Counsel, Attorney General's Office
Jennifer Tosky, Deputy Principal Counsel, Attorney General's Office
Kathy Lingo, Executive Assistant

OTHERS: Representative from Hollywood Casino
Representative from Ocean Downs Casino
Representative from Live! Casino
Representative from Rocky Gap Casino Resort
Representative from Horseshoe Casino Baltimore
Representative from MGM National Harbor
Representatives from DraftKings
Representatives from Fox Rothschild, LLC and Duane Morris LLC, counsel for the proposed merger of IMG Arena US, LLC and NYX Digital Gaming (USA), LLC into OB Global Holdings LLC

Everett D. Browning, Sr., Chair

E. Randolph Marriner, Vice Chair; Commissioners: Ade Adebisi, Diane Croghan, George L. Doetsch, Jr., Harold E. Hodges, James J. Stakem

QUORUM ESTABLISHED

Chair Browning announced that there was a quorum present for the meeting. Also present in the room were: Commissioners Ade Adebisi, George Doetsch and James Stakem. Commissioners Diane Croghan and Harold Hodges were virtual. Vice Chair Randy Marriner was absent.

CALL TO ORDER

After establishing there was a quorum, Chair Browning called the meeting of the Maryland Lottery and Gaming Control Commission to order at 10:00 a.m.

APPROVAL OF THE REVISED AGENDA

Chair Browning asked for a motion to approve the revised agenda. Commissioner Doetsch motioned to approve, Commissioner Stakem seconded, and the motion was unanimously approved.

APPROVAL OF THE MINUTES

Chair Browning asked if there were any corrections or alterations to the minutes of the January 23, 2025, Open Session. There being none, Chair Browning asked for a motion to approve the minutes. Commissioner Doetsch motioned to approve, Commissioner Stakem seconded, and the motion was unanimously approved.

CONSENT AGENDA

Chair Browning said the Consent Agenda contains:

1. Three New Instant Ticket Games:
 - a. \$3 #749 *Diamond Bingo 6th Edition*;
 - b. \$5 #750 *Cash Blast*;
 - c. \$10 #751 *Win \$50, \$100 or \$200 3rd Edition*; and
 - d. \$1 #778 *Lucky 13*;
2. EGD Games and Component Testing - Certified Lab Software, Hardware and Game Certifications: VLTs, Table Game Components, Instant Bingo Machines, Sports Wagering Systems and Kiosks (1/22/25 - 2/25/25);
3. Consent Agreements – Regulatory Violations:
 - a. Horseshoe Casino – October and November 2024;
 - b. Live! Casino – July and August 2024; and
 - c. MGM National Harbor – October 2024;
4. Consent Agreements – Sports Wagering Violations:
 - a. Riverboat on the Potomac – August 2024;
5. Consent Agreements – Mobile Sports Wagering Violations:
 - a. BetMGM – April and October 2024;
6. Consent Agreements – Underage Violations:
 - a. Live! Casino – Case Nos. 2024-03-021 to -032 and 2024-03-033 to -043; and
 - b. MGM National Harbor – Case No. 2024-06-013 to -014;
7. Gaming License Application Denials/Revocations;
8. Instant Ticket Artist and Artwork Search; and
9. Staff Reports: James Nielsen; James Butler; Craig Lindsey; Michael Eaton; John Mooney; Solomon Ramsey; Paula Yocum; Seth Elkin; and Holly Citko.

Chair Browning asked if any Commissioners cared to remove and discuss any items on the Consent Agenda. There being no discussion or requests, Chair Browning asked for a motion to approve the Consent Agenda. Commissioner Doetsch motioned to approve, Commissioner Stakem seconded, and the motion was unanimously approved.

OPERATOR REPORTS

Hollywood Casino

Ms. Amy Brennan, General Manager, reported that gross gaming revenue for January was down 3.6% year-over-year, while slot machine revenue was up 5.5%. Table games, sportsbook and poker were all down. The casino had several gift giveaways in January, and continued the progressive payday promotion with \$10,000 added each month. It did not hit in January or February, so the amount for March is up to \$30,000. In the community, the casino gave cash donations to four different local organizations. Hollywood Casino is holding its first 13-week Emerging Leaders Program to inspire young leaders. The casino is continuing its partnership with Harford Community College for the casino's Dealer School. MBE spend in January was 8.1%, and there are currently five new vendors going through the MDOT certification process. Had those vendors' applications been approved by MDOT, the spend would have been 13%. Hollywood Casino has a company-wide diversity program.

Commissioner Hodges wanted to know if the reduction in the federal employee workforce has had any affect on the casino. Ms. Brennan could not specifically attribute that this has affected the casino, but noted that the weather does impact the casino.

Chair Browning asked if the five vendors in progress were having any obstacles from the State level that the Commission could help with on the MBE certification. Ms. Brennan stated that she has spoken with Gerald Stinnett, and will be sending the list to him to see if it can be moved along expeditiously. There are times when it takes a while for vendors to provide information to the State, and depending on staffing levels it can delay things. Chair Browning said the Commission wants to make sure the Commission does anything it can to help in the process.

Commissioner Hodges said that he had a question on the Consent Agenda and wanted to know if he could ask questions on the Consent Agenda portions now. Chair Browning said that the Consent Agenda has already been approved, and they cannot pull anything now. Chair Browning said Commissioner Hodges could speak offline, and, if they need to bring anything back to the next meeting, that can be done.

Ocean Downs Casino

Bobbi Jones, General Manager, reported that coin-in was down 4% year-over-year, table drop was down 13%, hold outpaced prior year and net gaming revenue was down 10% year-over-year. The impact of weather did cause the casino to be closed on January 6, and delayed its opening on January 7. Weather plays a big part in affecting revenues in January and February. The casino had several promotions in January, including a Spin and Win promotion with over 300 participants and a final drawing of \$25,000. Ocean Downs had an MLK Slot tournament with 200 people participating, and a prize pull of \$3,000. The casino held the fourth quarter Star Fish Awards for team members. Ocean Downs is currently looking to fill the Director of Slots and Table Games position. In the community, the casino hosted two events: the Ocean City Business After Hours and a Coastal Chamber Mixer.

Commissioner Hodges wanted to know where the casino is on its MBE participation goal for the past month and looking forward in the year. Ms. Jones said the MBE spend level will exceed the numbers

for 2024. The casino has identified additional vendors in food and beverage as a result of being involved in these meetings.

Live! Casino

Mr. Ryan Eller, General Manager, reported that gaming revenue in January was down 2.6% year-over-year. Slot machine revenue was up 2.4%, table game revenue was down 14.9% year-over-year. Volumes were good, but hold was soft. The prior year had high hold on table games, and weather in January was an issue. Poker was also down due to weather. Retail sportsbook was up, with the Ravens, Commanders and Eagles helping to lift retail sportsbook. In January, the casino held several gift giveaways and events. There was a \$30,000 Slot Tournament, a \$25,000 Blackjack Tournament, and a \$25,000 Baccarat Tournament. To celebrate MLK Day, team members were provided with free meals. The casino had unique activities for Black History Month including using a vacant retail shop for an art exhibition. Live! Casino found up and coming black artists to feature their art, and with voting by patrons and staff, the winning piece was purchased by the casino for \$25,000 and will be displayed at the casino. There was good attendance at the event and team members engaged in voting too. In the community, the casino volunteered at Beans and Bread, and participated in the Polar Bear Plunge raising over \$8,000. For MBE spend, the casino finished 2024 at 23%, now tracking at the same pace for 2025 at 23%, with \$1.2 million spend.

Commissioner Hodges wanted to know if weather was the primary cause of revenue being down, and has the casino seen an impact from federal cuts. Mr. Eller said in January, it was too soon to associate softness with the federal cuts. January was up year-over-year so risks of policies to January volume is probably premature. Interestingly, the casino experienced a robust group catering event business, with some corporate events and meetings, but it has seen a lot of cancellations on those events. The casino is seeing a pullback economically on events. It is too soon to tell if foot traffic will be affected.

Commissioner Adebisi wanted to know the nature of work by the casino's MBEs, and how it is diversified. Mr. Eller said some areas are more robust than others. One channel is focused on construction and facility support. The casino has developed a robust infrastructure of diverse vendors in those areas which took time to develop. Contract labor and services, mainly security and overnight cleaning, which are other areas that offer great MBE opportunities, and the casino has good vendors in those areas. The casino is looking to build and expand the diversity of vendors in marketing support in areas such as supplies and services. Live! Casino has vendors that meet those needs, but there is a goal to expand diversity in these areas. Commissioner Adebisi said the casino has made a good effort covering all service areas and that it is important to inform the Commission as to those particular areas.

Chair Browning echoed Commissioner Adebisi's statement that the casino continues, in light of everything, with its MBE efforts. He asked if it is still too early to see an impact from the Virginia casino. Mr. Eller said it is still too early. In January, there was a lot of noise due to weather impact. The casino has been looking at Virginia results. The facility in Dumfries has 1,650 historic horse racing machines that are just like slot machines. The opening month's performance was \$11 million in revenue, down to \$9 million in January, so the casino is not seeing an impact yet although it does anticipate it. There was strength in Live's January core regional market, with softness in areas in Northern Virginia. While the casino draws a minority of its business from northern Virginia, it still tracks those impacts. Live! Casino happens to be isolated where it is. The casino has a tracking database, which is still relatively muted.

Chair Browning thanked Mr. Eller for the report and said as months go by to let the Commission know the impact, and if the Commission can help to make Maryland #1. Mr. Eller said the Virginia casinos' expectations are off to slow start.

Rocky Gap Casino

Mr. Brian Kurtz, General Manager, reported that January gaming revenue was up 3.8%. Slot machine revenue was flat to prior year, with an increase volume of coin-in just under a percent, with less hold. Table game revenue was up 62%, drop increased by 16%, last year had less hold, and this year was up. Visitation to the property is slightly up year-over-year, 52% occupancy this year versus 47% last year. While weather is impacting operations, the casino has held in pretty good. There have been increases in food and beverage of 3%. The casino had several kiosk games, a VIP players event, and giveaways throughout the month. The casino continues using local artists for entertainment. In the community, the collections for the local food bank finished in December with 138 items collected. The Windy Pines Animal Rescue contributions go through the end of February. The property will hold the annual Hooley Plunge tomorrow at the lake. There are currently 276 licensed employees compared to 284 last year, and 82% of those are full time employees. Team members were treated to food from Caparelli's Bakery. The Sunshine Fund gave over \$3,000 to team members in need. MBE spend was 15% for January, with the trend usually at 20% or 30%, but this will aggressively go up through the year.

Commissioner Hodges asked if the casino was seeing any impact from the federal cuts. Mr. Kurtz said, similar to the others, it is too early to tell yet. The casino met with local economic development teams. While the casino is located near West Virginia, which relies heavily on government contracts, there is no information on what impacts will occur there yet, but the casino is keeping an eye on it. Rocky Gap Casino has stepped up marketing in some of those areas to see if there are future impacts. The casino is also watching the Pennsylvania market. There are future satellite deployments coming.

Chair Browning congratulated the casino that things are up and hopes the trend continues.

Horseshoe Casino

Mr. Jacob Witmer, Senior Vice President and General Manager, reported that January revenue was down 8.9%, which was actually a 200 basis point improvement to the 2024 year-to-date trend. The casino is growing back business. Table games and slot machines show growth of 880 and 420 basis points, respectively. Horseshoe Casino is refining its marketing strategies. The casino felt weather impact 30% of the days in February. In January, NFL was an exciting point of improvement, with the senior leadership team telling the casino to go after that and beat the peaks. Horseshoe Casino took a more aggressive approach to activations and saw improvement. Property admissions were up 19%, gaming volumes up 4%, food revenue was up 12%, and beverage revenue increased 132%. The bulk of that coming in cash spend. The casino has talked about cleaning up the marketing and focusing on entertainment. The casino had several shows in January. Horseshoe Casino is focusing on connecting with customers, and this change resulted in having a sold-out Cal Ripken event. The casino is activating a pop-up seasonal entertainment venue, with a 2,000-person event. In order to engage with Baltimore City, the casino is providing an area for local graffiti artists to come in and reimagine that space in a different way. In the community, the casino has peeled back to take a look at how the casino interacts with the City. Caesars donated over \$500,000 over the year. Horseshoe Casino donated to the University of Maryland NICU. The casino continues to look at new strategies for the second quarter. Horseshoe Casino is focusing on establishing a proper line of staff, which will be needed to operate at maximum hours and recruiting more employees.

MBE is a focus of the casino with meetings planned and a need to have a solid focus of where the casino is. The casino has corporation purchasing and vendor compliance team meetings scheduled. The casino is doing a great job with community engagement, but there is always a need to improve. As Senior Vice President, Mr. Witmer will be taking the helm on that project by working with Gerald

Stinnett at GOSBA. There is an upcoming procurement workshop and the team will be focusing on that event.

Commissioner Hodges wanted to know what the MBE numbers are for January. Mr. Witmer stated that he did not pull them for the meeting, but can submit them to the Commission.

Commissioner Hodges asked how the federal cuts have impacted Horseshoe Casino. Mr. Witmer said that it is too early to tell. Baltimore had so much ground to gain, and that it will probably feel it less. Prince George's County may feel it more being closer to Washington, DC. Horseshoe Casino is not feeling the impact.

Commissioner Hodges gave the casino kudos for having a great art project. Mr. Witmer said that was a partnership with Tanya and the Mayor as well; the casino is excited for it.

Chair Browning thanked Mr. Witmer, especially for the art project, and asked to be informed on how the Commission can help with hiring and reaching out to small businesses.

MGM National Harbor

Mr. Jeffrey Shrader, Vice President and General Counsel, reported that January gaming revenue was up 2% year-over-year, with a slot machine increase of 4%, table game revenue up 1%, and poker was down 7%. The sportsbook was down with 33,000 tickets written with a 5.87% hold compared to January 2024 where the sportsbook wrote 40,000 tickets with a 17.41% hold. The Commanders making the playoffs gave a boost in the sportsbook as the casino was a big hangout for fans. The games were broadcast live in the wildcard round. The casino held several kiosk games, events and giveaways in January, and had several shows in the theater. In the community, the casino donated to the Junior Achievement of Greater Washington's 3DE Program. The casino partnered in the MLK Day of Service with the Capital Area Food Bank, and also packed food and toiletries for families at the St. Paul of Oxon Hill Church. MGM National Harbor MBE spend was 17% with 32 companies. The casino hosted and attended several supplier diversity programs, including a mentorship graduation ceremony for minority businesses that was held in Las Vegas that are on the cusp of becoming MBE businesses with MGM. MGM had a Global Business Diversity Mixer with an opportunity to talk with people in business, in same types of scenarios to help further enhance their business.

Chair Browning asked, being in the Washington DC metro area, if MGM National Harbor knows right now if there is an impact on players, and if the casino has considered employment opportunities to bring on some highly skilled government workers looking for employment as possible scaling occurs. Mr. Shrader said the casino is close to 100% in staff, and has not seen an influx in the labor market yet. Some things have not been decided on what will be eliminated as part of a reduction in force or other cuts. In a follow-up question, Chair Browning asked, has the casino seen a reduction in consumer confidence and discretionary spending in January. The casino has not seen labor markets affected, but the casino is keeping an eye on it. The casino can attract applicants from various sectors, so we are happy to recruit federal workers to fill available vacancies.

DIRECTOR'S REPORT

Director's Report — John Martin, Director

Director John Martin reported that the second half of Fiscal Year 2025 has been slow, with large year-over-year numbers in the coming months. In January, Lottery was down year-over-year with sales down 1.2% and profit up 1.8%. Year-to-date numbers through January are still trailing, down 3.3% on sales year-to-date, and down 6.8% on the profit side. Director Martin noted, it will be a challenging

year, but MLGCA continues with product innovations and introductions, and managing games as efficiently as possible. Maryland recently had the 6th largest Multi-Match winner. The casino partners in aggregate were flat year-over-year with revenue up .9%, contributions up 2.3%. In looking at sports wagering numbers, January was a good month for the house. Hold up 13.3% on both retail and mobile combined. January was the 4th largest month for contributions to the State, with \$8.2 million bringing us to \$54.8 million on the contribution side. MLGCA expects leading into the playoffs on collegiate and professional levels that there should be a strong couple of months in sports wagering. MLGCA has focused on looking to add staff up and down the ladder, including to improve the executive team. Director Martin introduced the newest member of the executive team, Craig Lindsey, Managing Director, Administration.

Mr. Craig Lindsey introduced himself and gave a brief background on his employment history.

Commissioner Hodges asked about the document that said something about all casinos being required to remove MEI equipment, or do they have a certain amount of time to comply? What is being pursued? Director Martin deferred to his team regarding that information.

Mr. Michael Eaton, Managing Director, Gaming, said that in November an issue was brought to the attention of MLGCA about MEI bill validators in certain machines in the casinos. MLGCA contacted MEI to see whether they were going to pursue licensing and they were not. Part of MLGCA's role is to work with casino operators on how quickly they could get the unlicensed bill validators out of the machines. Hollywood had several, over 750. Replacing those bill validators would have been an extremely high capital expense for the casino. Looking at the current expense of replacing all MEI bill validators, MLGCA issued a directive to the operators that no additional MEI bill validators be brought into Maryland, but continue to use what is on floor. As machines are replaced, they should not have MEI bill validators put in them. Staff will continue to monitor to make sure the casinos comply with that directive.

Commissioner Hodges asked if this was based on state law enforcement. Mr. Eaton said the manufacturers for bill validators are licensed as contractors. When the State went from owning the slot machines to transferring ownership to the casinos, that manufacturer slipped through the cracks and was not licensed like the other bill validator manufacturers were.

Commissioner Hodges asked how the cost impacts Maryland and how to go through this process. Mr. Eaton said it impacts casinos and retail sportsbooks that actually have those bill validators. Retail sportsbooks are limited.

Commissioner Hodges said there were two bills on the table in the House and Senate regarding ways to increase a portion of revenue in certain games, and was that because of shortfall in the State?

Director Martin said the legislative process is ongoing. The bills are still in review and amendments are being offered, so MLGCA cannot guess which bills will see it through. Next month after session, MLGCA can give a recap on what bills passed and what the impact is both short and long term. There are bills that come up every year, not more or less predicated on external variables.

Chair Browning said when the session is over, the Commission would like to know what bills passed and what the Commission needs to enforce.

Director Martin said it will be preliminary at the April meeting, and after that, MLGCA will let the Commission know.

SPORTS WAGERING REPORT - DRAFTKINGS

Mr. Jacob List, Senior Director, Regulatory Gaming Compliance and Chrissy Thurmond, Director, Responsible Gaming.

Jacob List presented a PowerPoint presentation for DraftKings, which included an overview of DraftKings' years in business, total employees, number of unique players, and the number of new players in the last 12 months. He discussed DraftKings global footprint and where DraftKings products are live in the United States. Mr. List described DraftKings products and brands, its footprint in Maryland, and its local marketing presence.

Mr. List talked about the four DraftKings Specialist Regulatory Engagement teams that engage with Commission staff, which are Regulatory Operations, Responsible Gaming, Fraud & AML Investigations, and Licensing. Mr. List then noted DraftKings' Community Service and its brand, "S.E.R.V.E.S" which stands for Service, Equity, Responsibility, Vitality, Environment and Sports describing its corporate social responsibility initiative and its commitment to supporting innovations in these areas.

Ms. Thurmond provided an overview of DraftKings' responsible gaming mission. She provided information on DraftKings' mission, culture, and commitment. She discussed the responsible gaming tools and resources available on DraftKings' website. Ms. Thurmond noted the companies that DraftKings works with in the industry on responsible gaming. She reviewed a new program, State Council Funding Program, to provide non-discretionary funding gifts to support the work of non-profit organizations.

A copy of the PowerPoint presentation is attached.

Chair Browning thanked the DraftKings representatives for attending the meeting and providing their presentation to allow the Commission to have a better understanding on how the Commission can support them, and ensure that Maryland businesses are included.

Commissioner Hodges wanted to know how people enter one of the gambling training programs, if it was voluntary or if they are identified and encouraged to attend a training program.

Ms. Thurmond stated she was unclear on his question.

Commissioner Hodges said DraftKings showed the app in its presentation that tracks behavior, and there was another one where people can seek counsel. He wanted to know if DraftKings identifies the folks or if it was voluntary, and how it works.

Ms. Thurmond stated that there is a stat sheet with information collected from the individual, and provided as a tool for individuals. For people participating in clinical services, once they self-exclude with DraftKings, the company can close the account, and the customer has a link to that resource to access and engage in it as they see fit.

Commissioner Hodges asked if, unless the players self-exclude and indicate that they need help, there is anything DraftKings does for them.

Mr. List stated there is proactive outreach. Players will reach certain thresholds that will trigger an email outreach that includes ways to engage with potential education services. It is initiated by both the player and the operator.

Commissioner Hodges wanted to know if there is a chart on compliance on the model of how DraftKings deals with Maryland State Regulations or if the model they use is from other states.

Mr. List said it is identical in every state. Over time, certain services develop complexities. Licensing processing in one state goes to other states. It is the same with responsible gaming.

Commissioner Stakem asked if there is one category age group that DraftKings focuses on, such as men in their 20's that think they know sports betting? He said there is a lot of misinformation on social media, so going forward with these things, it is good to keep going in that direction with this information to the public.

Ms. Thurmond said that one of the big things is to engage with the player and DraftKings makes sure that education is a top priority for players on its platform. Mr. List indicated DraftKings is working with Massachusetts and its Attorney General's Office on a Youth Sports Betting Advisory Committee with the goal of developing curriculum for ages 12 - 20 on risks of betting. They are hoping it may be relied upon by other states.

Commissioner Hodges said in November of last year the Commission in Massachusetts fined DraftKings for a problem with credit card deposits. He wanted to know how the structure has been built to keep this from happening again.

Mr. List said that particular violation related to a very specific situation where customers are not allowed to deposit by credit card, but there was a specific case when someone made a deposit outside of Massachusetts and should have been locked out of the platform; however, that particular feature did not work as intended. DraftKings took this matter very seriously, and the platform has controls to avoid that in the future.

Chair Browning thanked Mr. List and Ms. Thurmond on their responsible gambling work. He wanted to know if the self-exclusion goes across to all mobile sports wagering operators and a person will be excluded from all programs?

Mr. List said it depended on the State. If the State has a program where self-exclusion information is shared with other operators in the state, then it will stop customers from using other apps. If the state does not have that self-exclusion program, then the self-exclusion is exclusively on the DraftKings' platform.

Chair Browning asked where Maryland falls. Mr. Michael Eaton, Managing Director of Gaming for MLGCA, stated that Maryland is not part of that program.

Chair Browning said that perhaps Maryland can, down the road, get into that program to exclude those customers from other platforms.

Mr. List stated that DraftKings has set up such processes in other states and is available to help facilitate it.

Chair Browning asked how the financial information is protected. Mr. List stated that vigilance is key. DraftKings has a fairly large dedicated security team constantly reviewing policies, with external certifications. DraftKings has the highest security for credit card information, and third-party penetration with witnesses in that platform. All employees have to go through annual security training and social engineering.

Commissioner Adebisi asked if there were any recent data breaches. Mr. List stated that was something he was not prepared to speak on, but is willing to check internally and follow up with the Commissioners.

Commissioner Adebisi asked how customers are protected from that. Mr. List said he was not sure there was anything to report here, but he will check into it.

Chair Browning thanked the representatives from DraftKings for their presentation and said that Gerald Stinnett works with small businesses, so as DraftKings grows, his office can support DraftKings in any businesses they have.

At 11:34 am Chair Browning announced that the meeting would take a short break before the hearing so that anyone that would like to exit may leave. At 11:37 am the meeting resumed.

COMMISSION ACTION ITEMS

Managing Director, Regulatory Oversight - John Mooney

Commission Action Item – Proposed Merger and Transaction Agreement - Acquisition of IMG Arena US, LLC and NYX Digital Gaming (USA), LLC by OB Global Holdings, LLC

Chair Browning said that the Commission would be holding a hearing today regarding the acquisition of IMG Arena US, LLC and NYX Digital Gaming (USA), LLC by OB Global Holdings, LLC. He then outlined the procedure for the hearing and then collectively administered the oath to all individuals who may testify or answer questions in the hearing. Those sworn-in from the Agency were: John Mooney; outside counsel for OB Global Holdings, Jessica Rodio-Segal and William Downey from Fox Rothschild, LLP; and Robert Ruben from Duane Morris, LLP.

Mr. Mooney said the hearing today was because two sports wagering contractors have proposed merging into a new entity. The Gaming Law requires that the Commission determine whether the proposed buyer or transferee of any transfer of interests of more than 5% of the legal or beneficial interests of a licensee, meet the qualification requirements of the Gaming Law and Sports Wagering Law; and that the transfer is consistent with the policies and intent of the Gaming and Sports Wagering Law.

Mr. Mooney said the Commission has licensed IMG Arena US, LLC and NYX Digital Gaming (USA), LLC as sports wagering contractors. They are proposing to merge into a newly created entity, OB Global Holdings, LLC. The Commission is required to determine:

- (1) Whether the parties to the merger transaction meet the qualification requirements in the Gaming and Sports Wagering Law as principal entities, and, if so;
- (2) Whether the merger and transfer of interests for the merger transaction is consistent with the policies and intent of the Gaming and Sports Wagering Law.

The Commission was provided notice of the proposed merger in accordance with SG § 9-1A-19(b)(i) and as applied to the Sports Wagering Law by SG § 9-1E-03(a)(1).

IMG Arena US is a business-to-business provider of official livestreaming video and data feeds to sportsbook brands, specializing in golf, soccer, tennis and Ultimate Fighting Championship sporting events. NYX Digital Gaming (USA) is a leader in digital gaming system development and provides gaming solutions to a wide range of gaming operators. Both of these Commission- licensed sports wagering contractors are ultimately wholly-owned subsidiaries of WME IMG, LLC. WME IMG, LLC is an indirect subsidiary of Endeavor Group Holdings, Inc.

The proposed merger transaction, which was entered into on November 11, 2024 by OB Global; OB US Parent, LLC; IMG Arena US Parent, LLC and WME IMG, LLC, provided that OB Global, a newly formed entity created solely for the purpose of engaging in the acquisition under this transaction agreement, will acquire the outstanding equity interests of WME IMG, LLC.

OB Global's sole voting members are two Commission-licensed principal employees, Mr. Ariel Emanuel and Mr. Jordan Levin. OB Global Management Holdings, LLC will hold the economic interest in OB Global. Additionally, newly-formed entities: OB Global Manager, LLC; OB Global OpenBet Holdings 1, LLC; OB Global OpenBet Holdings 2, LLC; and OB Global Arena Holdings, LLC were created for the purpose of engaging in this transaction agreement. Each of these entities submitted sports wagering principal entity disclosure forms to the Commission in conjunction with the acquisition contemplated under this transaction agreement. WME IMG, LLC and IMG Arena US Parent, LLC previously submitted sports wagering principal entity disclosure forms to the Commission.

Post-acquisition, IMG Arena US will be a direct subsidiary of IMG Arena US Parent, LLC. NYX Gaming will be a direct subsidiary of OB US Parent, LLC, with OB Global as the ultimate parent company. The transaction agreement provides that OB Global will acquire the outstanding equity interests of WME IMG, LLC for consideration of approximately \$450 million. This will be paid by \$100 million cash and an unsecured promissory note to WME IMG, LLC with a value of approximately \$350 million, subject to the occurrence of certain events. The cash payment will be funded through financing from Apollo Administrative Agency, LLC and Apollo Global Funding, LLC. Affiliates of Apollo have been previously approved by the Commission for an Institutional Investor Waiver.

The Regulatory Licensing and Investigations Division of the Agency investigated the proposed transaction. The Agency obtained and reviewed copies of the relevant entities' relevant documents.

Based on Staff's investigation, Agency Staff concluded that IMG Arena US and NYX Gaming remain in good standing and qualified as sports wagering contractors.

MLGCA Staff found no information that would negatively impact: OB Global; OB Global Management Holdings, LLC; OB Global OpenBet Holdings 1, LLC; OB Global OpenBet Holdings 2, LLC; OB Global Arena Holdings, LLC; WME IMG, LLC; or IMG Arena US Parent, LLC from being qualified as principal entities in Maryland. Additionally, MLGCA Staff found no issue with these entities meeting the requirements in the Gaming or Sports Wagering Law as required by SG § 9-1A-19(b)(ii), as applied to the Sports Wagering Law under SG § 9-1E-03(a).

Based on the criteria in State Government Article §§ 9-1A-07(c)(7) and 9-1A-08(d), the Agency recommended to the Commission that it find that OB Global; OB Global Management Holdings, LLC; OB Global OpenBet Holdings 1, LLC; OB Global OpenBet Holdings 2, LLC; OB Global Arena Holdings, LLC; WME IMG, LLC; and IMG Arena US Parent, LLC have established, by clear and convincing evidence their qualifications as sports wagering principal entities as required for the merger.

The Agency also recommended that in accordance with SG § 9-1A-19, the Commission find that that the proposed merger of IMG Arena US, LLC and NYX Digital Gaming (USA), LLC into OB Global Holdings, LLC is consistent with the policies and intent of the Gaming and Sports Wagering Law and recommended that the proposed acquisition is approved as such.

Commissioner Hodges asked about the final structure of the final entity and the amount of equity in the transaction. Mr. Mooney deferred to the attorneys of the parties to the transaction to respond. Robert Ruben introduced himself and the other counsel present on behalf of the applicants. He said as summarized in the report, \$100 million of equity would be financed by the new company that will be acquiring the contractors. The remainder would be an unsecured promissory note.

Commissioner Hodges wanted to know the break out percentage of the financing. Mr. Ruben asked for clarification on whether Commissioner Hodges meant the ownership or the financing. Commissioner Hodges responded the financing.

Mr. Ruben said it would be \$100,000 of the \$450,000 is equity, and \$350,000 is debt.

Commissioner Hodges wanted to know about the performance of each separate entity before the merger. Mr. Ruben stated that he could not speak to financial performance, but both entities are in good standing with the Commission. Mr. Ruben said to keep in mind that this is part of a larger transaction, and this divestiture is part of the condition of the transaction by which Silverlake will be acquiring 60% of Endeavor that it does not already own.

Mr. Ruben then thanked the Commission for their consideration and the hard work of the Lottery staff did to get from here to there.

Chair Browning then asked for a motion to find that OB Global; OB Global Management Holdings, LLC; OB Global OpenBet Holdings 1, LLC; OB Global OpenBet Holdings 2, LLC; OB Global Arena Holdings, LLC; WME IMG, LLC; and IMG Arena US Parent, LLC have established, by clear and convincing evidence, their qualifications as principal entities. Commissioner Adebisi motioned to approve, Commissioner Stakem seconded, and the motion was unanimously approved.

Chair Browning asked for a motion to find that OB Global; OB Global Management Holdings, LLC; OB Global OpenBet Holdings 1, LLC; OB Global OpenBet Holdings 2, LLC; OB Global Arena Holdings, LLC; WME IMG, LLC; and IMG Arena US Parent, LLC meet the requirements of the Gaming and Sports Wagering Law, and that the resulting ownership changes from the acquisition of IMG Arena US, LLC and NYX Digital Gaming (USA), LLC by OB Global Holdings, LLC are consistent with the policies and intent of the Gaming Law, Sports Wagering Law, and State Government Article § 9-1A-18, as required by State Government Article § 9-1A-19. Commissioner Doetsch motioned to approve, Commissioner Adebisi seconded, and the motion was unanimously approved.

Chair Browning asked for a motion to approve the proposed acquisition of IMG Arena US, LLC and NYX Digital Gaming (USA), LLC by OB Global Holdings, LLC as consistent with the Gaming and Sports Wagering Law. Commissioner Adebisi motioned to approve, Commissioner Stakem seconded, and the motion was unanimously approved.

Chair Browning asked for a motion to direct Staff to draft a decision statement of the Commission on this hearing. Commissioner Adebisi motioned to approve, Commissioner Doetsch seconded, and the motion was unanimously approved.

Commissioner Hodges said that in the future when having merger transactions, it would be helpful to see an org chart with graphics showing before and after of these transactions to have a better sense of what is happening.

Mr. Mooney stated that the information can be included in the Commission packets.

CLOSED SESSION

There was no need for the Commission to go into a closed session.

DATE AND TIME OF NEXT MEETING

Chair Browning announced the next Commission meeting will be held on Thursday, March 27, at 10:00 a.m. in person at Lottery Headquarters and via video conference.

ADJOURNMENT

There being no further business, Chair Browning adjourned the meeting at 11:54 a.m.

Respectfully submitted,



John Martin
Director